

# **INDEPENDENT AUDITOR'S REPORT AND BASIC FINANCIAL STATEMENTS**

# Yolo County Housing

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## Independent Auditor's Report

To the Housing Commission  
Yolo County Housing

### Report on the Financial Statements

We have audited the accompanying financial statements of Yolo County Housing (the "Authority"), a component unit of the County of Yolo, California, and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yolo County Housing and its discretely presented component unit as of June 30, 2016, and the changes in its financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the cost-sharing defined benefit pension plan schedule of the Authority's proportionate share of the net pension liability, the cost-sharing defined benefit pension plan schedule of contributions, and the schedule of funding progress other post-employment benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedules and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development ("HUD"), listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents, including the Financial Data Schedule required by HUD, is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Sacramento, California  
February 9, 2017

## **Yolo County Housing**

### **Management Discussion and Analysis June 30, 2016**

As management of the Housing Authority of the County of Yolo ("YCH"), we offer readers of YCH's financial statements this narrative overview and analysis of the financial activities of YCH for the year ended June 30, 2016. Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with YCH's financial statements beginning on page 16.

This discussion and analysis is intended to serve as an introduction to the basic financial statements for YCH. The MD&A is designed to:

- Assist the reader to focus on significant financial issues;
- Provide an overview of YCH's financial activity;
- Identify changes in YCH's financial position (i.e. its ability to address the next and subsequent years' challenges); and
- Identify individual program issues or concerns.

#### **Financial Highlights**

The following represents a brief summary highlighting selected changes in YCH's net position comparing fiscal year 2016 to the previous fiscal year:

- During 2016, YCH had total revenues exceeding total expenses by \$3.6 million primarily due to the contribution of land from Yolo County (the "County") of \$3.25 million.
- Total assets increased by 12% due to the addition of the \$3.25 million land contribution, net of \$816,785 of depreciation expense.
- Total liabilities decreased by 7% mainly due to a lower OPEB liability and amounts due to HCD/OMS for collected rent on the migrant centers.

#### **Overview of the Financial Statements**

YCH's financial statements are designed to provide readers with a broad overview of YCH's finances in a manner similar to a private sector business. YCH employs, exclusively, Enterprise Funds which utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector. All Enterprise Funds and business-type activities are consolidated into a total for the agency taken as a whole.

YCH's financial statements include a Statement of Net Position (similar to a balance sheet), a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement), a Statement of Cash Flows, the Notes to Financial Statements, and certain supplementary information.

## **Yolo County Housing**

### **Management Discussion and Analysis June 30, 2016**

Certain programs administered by YCH are provided by the U.S. Department of Housing and Urban Development ("HUD"). Others are segregated to enhance accountability and control. A summary of YCH programs is presented below:

#### **Low-Income Public Housing**

Under the Low-Income Public Housing ("LIPH") program, YCH rents units that it owns to low, very low, or extremely low income households. The LIPH Program is operated under an Annual Contributions Contract ("ACC") with HUD. Public Housing Agencies are limited by law in the amount of rent collected to no more than thirty percent (30%) of a family's adjusted income, or the resident may choose what is known as "flat rent," which is a set amount comparable to local market rents that does not increase or decrease over a three-year period and is independent of the resident's actual income. The flat rent is designed to encourage self-sufficiency and to avoid creating disincentives for continued residency by families that are attempting to become economically self-sufficient.

HUD, through the ACC, provides an operating subsidy to cover the gap between rents collected and annual operating expenses.

#### **Public Housing Capital Fund Program**

The ACC provides a Capital Fund Program designed to enable YCH to make capital improvements to its properties and otherwise provide long term assets for the benefit of tenants and the administration.

#### **Housing Choice Voucher ("HCV") Program**

Under the Housing Choice Voucher Program (formerly known as Section 8 tenant-based assistance), YCH administers contracts with independent landlords that own rental property. YCH subsidizes the families' rents through a Housing Assistance Payment ("HAP") payable to the landlord. The program is administered under an ACC with HUD that provides annual funding to enable YCH to subsidize participant rent at between thirty percent (30%) and forty percent (40%) of household income. YCH receives monthly administrative funds for each unit under lease on the first of every month to operate the program and the Central Office Cost Center ("COCC") receives a portion of these funds through monthly management and bookkeeping fees charged to the program.

Vouchers can also be applied toward the purchase of a home by tenants participating in the Family Self Sufficiency ("FSS") program. YCH will use HUD's HAP funds to subsidize the participant's home loan for 15 years unless the participant is disabled or elderly in which case there is no time limit on the use of HAP funds to subsidize the loan.

#### **New Hope Community Development Corporation (Component Unit)**

New Hope Community Development Corporation ("NHCDC") is a 501(c)(3) non-profit corporation created to develop affordable housing and community based economic

## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

development ventures. Its primary business activities during the year ended June 30, 2016, was the operation of Cottonwood Meadows Senior Apartments.

#### Office of Migrant Services, Migrant Farm Labor Program (Other State/Local)

YCH manages Migrant Centers in Davis, Madison, and Dixon, California. Pursuant to contracts with the State of California Department of Housing and Community Development, Office of Migrant Services, YCH remits rents collected from tenants to the State Office of Migrant Services ("OMS"), which in turn reimburses YCH for its costs of operating the Migrant Centers. The Dixon Migrant Center is managed by YCH on behalf of the Dixon Housing Authority of Solano County.

#### Other Programs

- Business Activities - used to administer various other programs. This also includes the operation of the Administration Building and the development of a new community center in conjunction with the City of Woodland.
- Davis Solar Rural Rental Assistance (Other State/Local).

#### **Required Financial Statements**

The financial statements of YCH offer both short-term and long term financial information about YCH activities and include:

- The **Statement of Net Position** which is similar to a balance sheet. The Statement of Net Position reports all of YCH assets, liabilities, deferred outflows (DOR) and deferred inflows (DIR) of resources for the year ended June 30, 2016 and provides information about the nature and amounts of investments in resources (assets) and the obligations to YCH's creditors (liabilities). It also provides the basis for evaluating the capital structure of YCH and assessing the liquidity and financial flexibility of YCH. The statement is presented in a format in which assets and DOR minus liabilities and DIR equal "Net Position," also known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "current" (convertible to cash within one year), and "non-current."
- The **Statement of Revenues, Expenses and Changes in Net Position** accounts for all of YCH's revenue and expenses for the year ended June 30, 2016. The statement reflects the results of YCH's operations over the year and can be used to determine YCH's credit worthiness and its ability to successfully recover all its costs through grants, tenant charges and other income.
- The **Statement of Cash Flows** provides information about YCH's cash receipts and cash payments during the year ended June 30, 2016. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, and noncapital financing and investing activities. The statement provides answers to questions of where cash came from, what cash was used for and



## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

what caused changes in cash for the reporting period covered.

- The accompanying **Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.
- In addition to the basic financial statements and accompanying notes, this report also presents certain **supplementary information** which provides additional information on YCH's pension plan ("GASB 68") and other post-employment benefit ("OPEB") plan ("GASB 45"), the Combining Schedules, and the annual Financial Data Schedule ("FDS") report electronically submitted to HUD. Such supplementary information is essential to a full understanding of the data provided in YCH's basic financial statements.

### Financial Analysis of YCH as a Whole

The following analysis focuses on YCH's net position and revenues, expenses and changes in net position during the years ended June 30, 2016 and 2015:

### Statement of Net Position

	2016	2015	Net Change	%
<b>Assets</b>				
Current assets	\$ 4,014,133	\$ 4,087,703	\$ (73,570)	-2%
Restricted assets	1,610,515	1,459,279	151,236	10%
Capital assets, net	18,409,293	15,846,403	2,562,890	16%
Other non-current assets	1,467,759	1,468,890	(1,131)	0%
<b>Total assets</b>	<b>\$ 25,501,700</b>	<b>\$ 22,862,275</b>	<b>\$ 2,639,425</b>	<b>12%</b>
<b>Deferred outflows of resources</b>	<b>\$ 487,427</b>	<b>\$ 234,723</b>	<b>\$ 252,704</b>	<b>108%</b>
<b>Liabilities</b>				
Current liabilities	\$ 1,785,758	\$ 1,618,253	\$ 167,505	10%
Payable from restricted cash	231,580	232,138	(558)	0%
Non-current liabilities	5,374,994	6,092,316	(717,322)	-12%
<b>Total liabilities</b>	<b>\$ 7,392,332</b>	<b>\$ 7,942,707</b>	<b>\$ (550,375)</b>	<b>-7%</b>
<b>Deferred inflows of resources</b>	<b>\$ 499,202</b>	<b>\$ 691,128</b>	<b>\$ (191,926)</b>	<b>-28%</b>
<b>Net position</b>				
Investment in capital assets	\$ 15,812,218	\$ 13,061,203	\$ 2,751,015	21%
Restricted	1,208,983	1,013,316	195,667	19%
Unrestricted	1,076,392	388,644	687,748	177%
<b>Total net position</b>	<b>\$ 18,097,593</b>	<b>\$ 14,463,163</b>	<b>\$ 3,634,430</b>	<b>25%</b>

## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

The assets of YCH exceed its liabilities as of June 30, 2016 by \$18,097,593. The assets increased by 12% compared to June 30, 2015. This change is primarily comprised of the following items:

- Assets and deferred outflows of resources:
  - The County contributed land valued at \$3.25 million to YCH during the year for use in the 180 West Beamer Street development with Mercy Housing, which is shown as a non-current asset. To reconcile the change from 2015, depreciation of \$816,000 would need to be netted out from the increase related to the land contribution.
  - As required under GASB 68, YCH is reporting \$487,427 of deferred outflows of resources related to pensions including contributions to the retirement plan (CalPERS basic and PEPRA) made subsequent to the measurement date (June 30, 2015) of the related net pension liability.
- Liabilities and deferred inflows of resources:
  - The balance of a loan of \$368,800 at Cottonwood Meadows Senior Apartments from HCD is currently due in January 2017 and was therefore moved from non-current to current in the 2016 statement of financial position. Staff is working with HCD on extending this loan to 2030 to be due concurrent with the bank debt on the property.
  - As required under GASB 68, YCH is reporting \$499,202 of deferred inflows of resources related to pensions which represent differences between the projected and actual earnings on the pension plan investments which will be recognized in future years.
- Net position:
  - The increase in the investment in capital assets is primarily related to the \$3.25 million land contribution noted above, offset by \$816,000 of depreciation expense taken during the year.
  - HAP contributions from HUD of \$124,974 in excess of amounts expended for HAP during the year represent the majority of the \$195,667 increase in restricted net position.
  - The increase in unrestricted net position of \$687,748 during the year is related to an increase in the HCV admin fund allocation from HUD and ongoing cost controls.

The net result of normal operations and the above items is a 25% increase in **Net Position**.

## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

#### Statement of Revenues, Expenses and Changes in Net Position

	2016	2015	Net change	%
Operating revenues				
Operating revenues - tenants	\$ 2,099,169	\$ 2,168,487	\$ (69,318)	-3%
Other revenue	333,892	1,574,108	(1,240,216)	-79%
Total operating revenues	2,433,061	3,742,595	(1,309,534)	-35%
Operating expenses				
Administration	1,957,728	2,073,855	(116,127)	-6%
Tenant services	101,645	108,815	(7,170)	-7%
Maintenance	2,284,968	1,939,858	345,110	18%
Utilities	990,397	971,317	19,080	2%
Insurance and taxes	473,076	508,308	(35,232)	-7%
Housing assistance payments	11,841,058	11,081,225	759,833	7%
Depreciation and amortization	818,017	873,961	(55,944)	-6%
Total operating expenses	18,466,889	17,557,339	909,550	5%
Operating loss	(16,033,828)	(13,814,744)	(2,219,084)	16%
Non-operating revenue (expenses)				
Grant revenue	19,181,509	14,526,574	4,654,935	32%
Capital grants	678,101	460,313	217,788	47%
Interest income (expense), net	(195,452)	(237,616)	42,164	-18%
Other including gains (losses)	4,100	291,400	(287,300)	
Net non-operating revenue (expenses)	19,668,258	15,040,671	4,627,587	31%
Changes in net position	3,634,430	1,225,927	2,408,503	196%
Beginning net position	14,463,163	16,079,119	(1,615,956)	-10%
Prior period adjustment	-	(2,841,883)	2,841,883	
Ending net position	\$ 18,097,593	\$ 14,463,163	\$ 3,634,430	25%

The net decrease in operating revenues of \$1,309,534 (-35%) compared to FY2015 is comprised of the following:

- The decrease in other operating income from FY2015 is primarily related to asset management fees of \$13,950 and developer fees of \$586,463 (discounted by \$88,375 for NPV) at Crosswood that were recognized in FY 2015. In addition, deferred development fees of \$185,727 (net of \$11,380 NPV discount) and \$186,931 (net of \$20,451 NPV discount) were recognized in FY 2015 for Cesar Chavez Plaza and Rochdale Grange, respectively.
- Crosswood Apartments was sold on August 29, 2014, so no rent for this property is included in the current fiscal year for the primary government, which is a decrease of \$79,000 compared to FY2015.

## **Yolo County Housing**

### **Management Discussion and Analysis June 30, 2016**

- Capital funding related to ADA improvements was put on hold during the year in order to transition to emergency well repairs at that site. The delay in making this transition reduced the amount actually spent on site improvements by \$676,425 compared to the prior year.

Operating expenses increased by \$909,550 (5%) compared to FY2015 primarily due to the following:

- Maintenance expenses increased by \$345,110 (18%) mainly due to capital funds expended for well repairs.
- Housing assistance payments increased by \$759,833 due to higher HAP allocations received from HUD.
- The above increases were offset by a reduction in insurance and taxes following the sale of Crosswood at the beginning of the year and a continued focus on cost controls throughout the organization.
- Depreciation expense decreased by \$56,000 (-6%).

Net non-operating revenue increased by \$4,627,587 over the prior year due to:

- Grant revenue:
  - The land contribution of \$3.25 million from the County included in grant revenue during the current year.
  - HAP funding increased by \$1,434,867 from the prior year.
- Other income in FY2015 included the gain on sale of Crosswood.
- Interest expense is \$27,057 lower than the prior year due to lower loan balances and interest income is \$15,107 higher than the prior year due to additional cash in the bank during the year.
- Capital grants received increase by \$217,788 primarily due to well repairs done in Winters during the year.

## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

#### Analysis of Actual to Budget for Year Ended June 30, 2016

	Actual (excluding depreciation & amortization)	Budget (excluding depreciation & amortization)	Net change	%
Operating revenue	\$ 2,433,061	\$ 2,302,902	\$ 130,159	6%
Operating expenses				
Administration	1,957,728	2,029,145	(71,417)	-4%
Tenant services	101,645	89,079	12,566	14%
Maintenance	2,284,968	2,420,290	(135,322)	-6%
Utilities	990,397	1,036,270	(45,873)	-4%
Insurance and taxes	473,076	468,170	4,906	1%
Housing assistance payments	11,841,058	11,761,684	79,374	1%
Total operating expenses	17,648,872	17,804,638	(155,766)	-1%
Operating loss	(15,215,811)	(15,501,736)	285,925	-2%
Non-operating revenue (expenses)				
Grant revenue	19,181,509	15,945,291	3,236,218	20%
Capital grants	678,101	266,234	411,867	155%
Interest income (expense), net	(195,452)	(215,914)	20,462	-9%
Other including gains (losses)	4,100	-	4,100	
Net non-operating revenue (expenses)	19,668,258	15,995,611	3,672,647	23%
Changes in net assets before depreciation and amortization	\$ 4,452,447	\$ 493,875	\$ 3,958,572	802%

The budget numbers shown here are net of eliminations required to enable comparison to the consolidated financial information provided in the financial statements. Significant variations from budget include:

- Depreciation and amortization charges are never included in the budgets since these costs do not impact the management of the portfolio. Therefore, the depreciation and amortization expenses have also been left out of this analysis.
- The \$3.25 million land contribution from the County was not included in the approved budget numbers.
- Capital improvement costs over \$5,000 are recorded as fixed assets on the statement of net position and therefore the capital grant revenue related to these costs are excluded from the operating budget in an effort to avoid skewing the financial picture during the budget process. However, the total amount of capital funds shown in the financial statements includes those used for well improvement costs in Winters, even though they were not included in the approved budget.

## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

#### Summary of Capital Assets

	2016	2015	Net change	%
Work in progress				
Well improvements (El Rio Villas)	\$ 80,611	\$ 4,496	\$ 76,115	1693%
ADA improvements (El Rio Villas)	6,494	-	6,494	0%
Bus stop (El Rio Villas)	14,059	10,500	3,559	34%
Esparto lots (Country West II)	142,699	142,699	-	0%
Alarm system upgrade (admin bldg)	26,610	-	26,610	0%
Woodland Community Center II	53,079	46,277	6,802	15%
Total work in progress	323,552	203,973	119,580	59%
Land	7,171,298	3,921,298	3,250,000	83%
Capital assets, not being depreciated	7,494,850	4,125,271	3,369,580	82%
Buildings and building improvements	34,183,987	34,173,887	10,100	0%
Equipment	759,449	885,330	(125,881)	-14%
Total capital assets	42,438,286	39,184,488	3,253,799	8%
Less accumulated depreciation	(24,028,993)	(23,338,085)	(690,908)	3%
Total capital assets, net	<u>\$ 18,409,293</u>	<u>\$ 15,846,403</u>	<u>\$ 2,562,891</u>	<u>16%</u>

Capital assets consist of the cost of significant purchases that have long term benefit to the organization. These include specific large projects that are built out over time as funds become available (work in progress), the cost of land, buildings, building improvements, and large equipment (including vehicles). The cost of land is never depreciated and the cost of work in progress is not depreciated until it is actually placed in service, when it is then depreciated over its estimated useful life.

The following items are included in the above numbers:

- Work/construction in progress:
  - Well improvements at El Rio Villas (Winters) are partially complete with final completion expected by the end of FY2017.
  - ADA improvements at El Rio Villas (Winters) have been put on hold until after the well improvements are completed and funding is available for the remainder of the work.
  - The bus stop and mailboxes installed at El Rio Villas (Winters) were completed and will be placed in service during FY2017.

## Yolo County Housing

### Management Discussion and Analysis June 30, 2016

- The work on the Esparto lots (Country West II) has been on hold since 2005 while a final development plan meeting the required farmworker housing grant parameters is negotiated with the State. This plan has been tentatively approved and staff is actively working with a potential developer to build out these lots in the next 2-3 years which will trigger the transfer of this capital asset into service or be disposed of.
- The alarm system upgrade for the admin building should be completed and placed in service by the end of FY2017.
- The WIP related to the Woodland Community Center II project as of June 30, 2016, includes some of the design costs for new community facility. The old office building on the site was demolished in 2016 and final designs for the new facility are expected to be completed in 2017 with construction scheduled to begin in 2-3 years, once the remaining funds have been raised to build out the site.
- The increase in land represents the \$3.25 million land contribution from the County to YCH for the 180 West Beamer project with Mercy Housing.
- During the year, YCH scrapped three trucks, a car, and an old dump trailer that no longer ran. The original book value for these assets of \$125,881 had been fully depreciated.
- The difference in accumulated depreciation from the prior year is the depreciation expense of \$816,000 net of the disposition of the fully depreciated equipment noted above.

#### Summary of Long-Term Debt

	2016	2015	Net Change	%
LIPH - Office building, mortgage	\$ 661,549	\$ 810,390	\$ (148,841)	-18%
CDBG - Esparto lots (Country West II)	8,576	11,532	(2,956)	-26%
Total Yolo Housing	670,125	821,922	(151,797)	-18%
Cottonwood				
HCD Note	368,800	368,800	-	0%
FNB Mortgage Note	1,556,074	1,591,608	(35,534)	-2%
Total Cottonwood	1,924,874	1,960,408	(35,534)	-2%
Total long-term debt	\$ 2,594,999	\$ 2,782,330	\$ (187,331)	-7%

- Normal monthly and quarterly payments were responsible for the reductions in Long-term debt for the administration building, Cottonwood, and the Esparto project loans.

## **Yolo County Housing**

### **Management Discussion and Analysis June 30, 2016**

- The HCD note at Cottonwood is due in January 2017. Staff has been working with HCD on extending this note to be due concurrent with the mortgage in 2030.
- The CDBG loan from the County on the Esparto lots was fully repaid subsequent to the end of the year.

#### **Financial Reporting Entity**

In accordance with Governmental Accounting Standards Board ("GASB") Statement 61, NHCDC is incorporated into the accompanying financial statements as a blended component unit and New Hope Crosswood Associates LP ("Crosswood") is included as a discretely presented component unit. NHCDC and Crosswood are each separately audited by CohnReznick LLP.

#### **Significant Environmental and Economic Factors Affecting YCH**

Significant environment and economic factors affecting YCH include:

- Federal funding from HUD;
- Federal regulation changes, including the current push to re-Federalize some portions of COCC and other programs;
- State funding from HCD/OMS;
- Local labor supply and demand which affect salary and wage rates, as well as benefits;
- Local inflation, recession and employment trends can affect resident income and therefore the amount of rental income;
- Local rental market and economy, which has a direct effect on the ability to find viable privately-owned rental properties that are available to our HCV program;
- Rising costs, in particular for water, utilities and insurance; and
- Continued underfunding of deferred maintenance throughout LIPH and migrant housing continues to increase maintenance costs due to additional and larger emergency repairs.

#### **Contacting YCH**

This financial report is designed to provide a general overview of YCH's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lisa A. Baker, Chief Executive Officer, Yolo County Housing, 147 W. Main Street, Woodland, California 95695.



**Yolo County Housing**  
**Statement of Net Position**  
**June 30, 2016**

	<u>Primary Government</u>	<u>Component Unit</u>
<u>Assets</u>		
Current assets		
Cash and cash equivalents (Note 3)	\$ 2,785,361	\$ 25,631
Restricted cash and cash equivalents (Notes 3, 4)	1,610,515	155,364
Accounts receivable - tenant, net	14,372	4,615
Accounts receivable - other	397,767	29,743
Accounts receivable - funding source (Note 5)	446,200	-
Note receivable and due from component unit (Note 7)	68,709	-
Inventories, net	47,926	-
Prepaid items and other assets	253,798	13,036
	<u>5,624,648</u>	<u>228,389</u>
Total current assets		
Noncurrent assets		
Note receivable and due from component unit (Note 7)	1,449,838	-
Capital assets not being depreciated (Note 6)	7,494,850	90,000
Capital assets being depreciated, net (Note 6)	10,914,443	5,926,574
Other assets, net	17,921	256,447
	<u>19,877,052</u>	<u>6,273,021</u>
Total noncurrent assets		
Total assets	<u>\$ 25,501,700</u>	<u>\$ 6,501,410</u>
Deferred outflows of resources (Note 15)	<u>\$ 487,427</u>	<u>\$ -</u>

# Yolo County Housing

## Statement of Net Position June 30, 2016

	Primary Government	Component Unit
<u>Liabilities</u>		
Current liabilities		
Accounts payable - vendors	\$ 368,653	\$ 2,809
Accounts payable - funding source (Note 8)	317,231	-
Accrued compensated absences - current portion	49,135	-
Accrued interest payable (Note 10)	2,076	20,818
Accrued liabilities - other	33,753	41,377
Notes payable - current portion (Note 10)	476,102	1,872,647
Note payable and due to Primary Government (Note 7)	-	68,709
Deposits payable	231,580	13,820
Unearned revenue (Note 13)	220,192	-
Other current liabilities	318,616	11,295
Total current liabilities	2,017,338	2,031,475
Noncurrent liabilities		
Accrued compensated absences - net of current portion	147,408	-
Notes payable - net of current portion (Note 10)	2,118,897	3,327,702
Note payable and due to Primary Government (Note 7)	-	1,449,838
Family self sufficiency escrows	54,598	-
Unearned revenue - net of current portion (Note 13)	113,651	-
Other post-employment benefits (Note 16)	127,326	-
Net pension liability (Note 15)	2,481,845	-
Other liabilities (Note 11)	331,269	-
Total noncurrent liabilities	5,374,994	4,777,540
Total liabilities	\$ 7,392,332	\$ 6,809,015
Deferred inflows of resources (Note 15)	\$ 499,202	\$ -
<u>Net Position</u>		
Net investment in capital assets (Note 14)	\$ 15,812,218	\$ 795,407
Restricted (Note 14)	1,208,983	-
Unrestricted (Note 14)	1,076,392	(1,103,012)
Total net position	\$ 18,097,593	\$ (307,605)

See Notes to Financial Statements.

# Yolo County Housing

## Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2016

	Primary Government	Component Unit
Operating revenues		
Rental income	\$ 2,099,169	\$ 470,673
Other revenue	333,892	4,987
Total operating revenues	<u>2,433,061</u>	<u>475,660</u>
Operating expenses		
Administrative expenses	1,957,728	323,651
Tenant services	101,645	34,110
Maintenance	2,284,968	61,609
Utilities	990,397	45,229
Insurance and taxes	473,076	17,754
Housing assistance payments	11,841,058	-
Depreciation	816,785	168,778
Amortization	1,232	8,998
Total operating expenses	<u>18,466,889</u>	<u>660,129</u>
Operating loss	<u>(16,033,828)</u>	<u>(184,469)</u>
Nonoperating revenues (expenses)		
Grant revenue	19,181,509	-
Other revenue (expenses) (including gains and losses)	4,100	-
Interest income	19,195	227
Interest expense	(214,647)	(198,359)
Total nonoperating revenues (expenses)	<u>18,990,157</u>	<u>(198,132)</u>
Change in net position before capital grants and contributions	2,956,329	(382,601)
Capital grants	<u>678,101</u>	<u>-</u>
Change in net position	3,634,430	(382,601)
Net position		
Beginning of year	<u>14,463,163</u>	<u>74,996</u>
End of year	<u>\$ 18,097,593</u>	<u>\$ (307,605)</u>

See Notes to Financial Statements.

**Yolo County Housing**  
**Statement of Cash Flows**  
**Year Ended June 30, 2016**

	<u>Primary Government</u>
Cash flows from operating activities	
Cash received from tenants	\$ 2,206,875
Other operating cash received	324,751
Cash payments for general and administrative expenses	(6,589,335)
Cash payments for housing assistance expenditures	<u>(11,841,058)</u>
Net cash used in operating activities	<u>(15,898,767)</u>
Cash flows from capital and related financing activities	
Principal paid on notes payable	(187,331)
Proceeds from sale of property	4,100
Cash received from capital grants	678,101
Acquisition and construction of capital assets	(129,675)
Interest paid	<u>(215,441)</u>
Net cash provided by capital and related financing activities	<u>149,754</u>
Cash flows from noncapital financing activities	
Cash received from HUD operating grants	1,107,464
Cash received from Housing Choice Voucher program	13,308,449
Cash received from other grants	<u>1,307,141</u>
Net cash provided by noncapital financing activities	<u>15,723,054</u>
Cash flows from investing activities	
Interest income	<u>4,988</u>
Net cash provided by investing activities	<u>4,988</u>
Net decrease in cash and cash equivalents	(20,971)
Cash and cash equivalents	
Beginning of year	<u>4,416,847</u>
End of year	<u><u>\$ 4,395,876</u></u>
Financial statement presentation	
Cash and cash equivalents	\$ 2,785,361
Restricted cash and cash equivalents	<u>1,610,515</u>
Total cash and cash equivalents	<u><u>\$ 4,395,876</u></u>

**Yolo County Housing**  
**Statement of Cash Flows**  
**Year Ended June 30, 2016**

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (16,033,828)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	818,017
Pension expense	(351,444)
Changes in operating assets and liabilities	
Decrease (increase) in assets	
Tenant accounts receivable	627
Other receivables	7,971
Inventories	3,426
Prepaid items and other assets	186,678
Increase (decrease) in liabilities	
Accounts payable	(96,249)
Other post-employment benefits	(441,910)
Accrued compensated absences	22,274
Deposits payable	(31,045)
Unearned revenue	(6,571)
Other liabilities	23,287
	<u>                    </u>
Net cash used in operating activities	<u><u>\$ (15,898,767)</u></u>
Significant noncash capital and related financing activities	
Increase in capital assets included in grant revenue	<u><u>\$ 3,250,000</u></u>

See Notes to Financial Statements.

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

#### **Note 1 - The Financial Reporting Entity**

##### **Primary Government**

Yolo County Housing ("YCH"), formally known as the Housing Authority of the County of Yolo, was established pursuant to the State Health and Safety Code in 1950 by the Yolo County Board of Supervisors. YCH is a public entity organized under the laws of the State of California's Health and Safety Code to provide housing assistance to low and moderate income families at rents they can afford. Eligibility is determined by family composition and income in areas served by YCH. To accomplish this purpose, YCH has entered into Annual Contributions Contracts with the U.S. Department of Housing and Urban Development ("HUD") to operate assisted housing programs.

On June 20, 2006, the County's Board of Supervisors exercised its authority under Health and Safety Code section 34290, due to the resignation of the independent housing commission, and declared itself to be the commissioners of YCH for a temporary period. In January 2012, YCH adopted a change in its governance under which the Board of Supervisors became a Board of Governors and a new board with representatives appointed by the cities (three of the four cities have representation with the fourth city as an alternate), a representative from the County, an At Large member and two tenant commissioners. Following the change in governance, YCH is considered a component unit of the County. While YCH is a separate legal entity, it is included in the financial statements of the County as a discrete component unit.

##### **Component Units**

The governmental reporting entity for which these financial statements have been prepared consists of YCH (the primary government) and its component units. Component units are legally separate organizations for which the primary government is financially accountable, or other organizations whose nature and significant relationships with YCH are such that exclusion would cause YCH's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either YCH's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on YCH. The basic financial statements include both blended and discretely presented component units. Although the component units follow accounting principles of the Financial Accounting Standards Boards ("FASB"), certain transactions may be reflected differently in these statements than in the separately issued information in order to conform to the presentation of the Primary Government.

YCH has one blended component unit. The blended component unit, although a legally separate entity, is in substance part of YCH operations. The component unit is known as the New Hope Community Development Corporation ("NHCDC"). NHCDC owns and operates a rental housing project under the State of California Rental Housing Community Development ("RHCP") program. See Note 21 for additional information about the blended component unit.

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

YCH has one discretely presented component unit which is a financially and legally separate entity from YCH. New Hope Crosswood Associates LP ("Crosswood") financial statements are presented in a separate column from the financial information of YCH. See Note 22 for additional information about the discretely presented component unit.

#### **Note 2 - Summary of significant accounting policies**

##### **Government-wide and fund financial statements**

The government-wide financial statements report information of the primary government and its component units. The primary government is reported separately from certain legally separate discrete component unit for which the primary government is financially accountable. For financial reporting purposes, YCH reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same.

##### **Basic financial statements**

The basic financial statements (i.e. the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) report information on all of the business-type activities of YCH and its component units. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board ("GASB") standards.

YCH has entered into an agreement with the Housing Authority of the City of Dixon ("HACD") to administer its only program - a Migrant Center funded by the California Department of Housing and Community Development ("HCD"). YCH carries no real property or long-term debt for this program as HACD owns the land and some of the buildings being managed by YCH under this program. YCH uses its staff and other resources to operate this program. The operations of this program are considered by management to be, in substance, part of YCH and as such are reported as part of YCH financial statements.

##### **Measurement focus, basis of accounting and financial statement presentation**

The basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

YCH distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services. Operating expenses include the cost of services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

#### **New accounting pronouncements**

During the year ended June 30, 2016, YCH implemented the following new accounting standards issued by the GASB:

- Statement No. 72, "Fair Value Measurement and Application": Statement No. 72 provides guidance for determining fair value measurements for financial reporting purposes and for applying fair value to certain investments, and requires disclosures about fair value measurements, the level of the fair value hierarchy and valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value consistent with either the market, cost or income approach.
- Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68": This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68. The statement also clarifies the application of certain provisions of GASB Statement 68.
- Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments": GASB Statement No. 76 identifies the sources and accounting principles used to prepare financial statements of state and local governments in conformity with U.S. generally accepted accounting principles ("GAAP") and the framework for selecting those principles.
- Statement No. 77, "Tax Abatement Disclosures": This Statement requires governments that enter into tax abatement agreements to make certain disclosures about those agreements.
- Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans": GASB Statement No. 78 amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state and local government employers through a cost-sharing multiple-employer defined benefit pension plan that meets certain criteria.
- Statement No. 79, "Certain External Investment Pools and Pool Participants." GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

The adoption of the above GASB Statements did not have a significant effect on YCH's financial statements for the year ended June 30, 2016.



## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

YCH is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" and Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions": Both GASB Statements No. 74 and 75 replace the requirements of GASB statements related to postemployment benefits other than pensions ("OPEB"). Statement 74 is intended to make the OPEB accounting and financial reporting consistent with the pension standards outlined in GASB Statement No. 67 and replaces Statement No. 43. Statement No. 74 is effective for the Authority's fiscal year ending June 30, 2017.
- Statement No. 75 is intended to make the OPEB accounting and financial reporting consistent with the pension standards outlined in GASB Statement No. 68 and replaces Statement No. 45. Statement No. 75 is effective for the Authority's fiscal year ending June 30, 2018.
- Statement No. 80, "Blending Requirements for Certain Component Units": This Statement establishes additional blending requirements for the financial statement presentation of component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2017.
- Statement No. 81, "Irrevocable Split-Interest Agreements": This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities and deferred inflows of resources from the inception of the agreement and revenues when the resources become applicable to the reporting period. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2018.
- Statement No. 82, "Pension Issues." GASB Statement No. 82 amends Statements 67, 68 and 73. The requirements of this Statement are effective for the Authority's fiscal year ending June 30, 2017.

#### **Cash and cash equivalents**

YCH's cash and cash equivalents are considered to be cash on hand and all highly-liquid instruments purchased with an original maturity of three months or less.

#### **Restricted cash and cash equivalents**

Restricted cash and cash equivalents represent reserves and security deposit accounts.

#### **Accounts receivable**

Tenant accounts receivable are carried at the amount considered by management to be collectible, net of an allowance for doubtful accounts of \$10,800. Other accounts receivable are principally amounts due from HUD and California State agencies. The allowance for doubtful accounts has been provided based on the likelihood of the recovery.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Interprogram receivables and payables

Interprogram due from/to have been eliminated in the financial statements as prescribed by GASB standards in regards to interfund activities, payables and receivables.

#### Inventories

Inventories are valued at the lower of cost or market on an average cost basis. To keep track of small supplies used for unit turnover and routine repairs and maintenance, YCH records these supplies as prepaid materials rather than inventory. The Inventory at June 30, 2016 consists of expendable maintenance supplies of energy efficient equipment purchased in prior years and held for consumption. Such equipment bought new did not experience any obsolescence and therefore no allowance is considered necessary as of June 30, 2016. The value of the maintenance supplies inventory as of June 30, 2016 is \$47,926.

#### Capital assets

Capital assets are stated at cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Net interest costs are capitalized on projects during the construction period. The capitalization threshold for all capital assets is \$5,000.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful life of the assets is as follows:

	<u>Years</u>
Buildings	40
Building improvements	15
Furniture and fixtures	7
Vehicles	5

Property acquired with HUD funds is considered to be owned by YCH while used in the program for which it was purchased. However, HUD may have a reversionary interest in the property and ownership of any proceeds from disposition thereof.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

#### Impairment of capital assets

YCH reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2016, there has been no impairment of the capital assets.

#### Accrued compensated absences

In accordance with GASB standards, vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the

## **Yolo County Housing**

### **Notes to Financial Statements**

**June 30, 2016**

employees if the leave is attributable to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Permanent employees are entitled to receive compensation at their current base salary for certain types of unused annual leave upon termination or retirement.

It is YCH's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since YCH does not have a policy to pay any amounts when employees separate from service with YCH. All vacation pay is accrued when incurred. Total liability for YCH is \$196,543 based on year-end hourly rates. Of this amount, \$49,135 is considered by YCH to be a current liability.

In providing direction for conversion to GAAP basis of accounting, HUD's Accounting Brief No. 6 discusses the conflicting direction given in HUD grant handbooks, which are not considered GAAP, and the cost principles of GAAP. In its final analysis, HUD opines that "Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under federal awards, including but not necessarily limited to wages, salaries, and fringe benefits." Since federal awards extend for a limited time period, and accrued benefits may not be paid out during the term of the award, the above analysis can be reasonably interpreted to mean that costs may be drawn down at the close of the award period to fund unpaid compensated absences.

#### **Notes payable and interest payable**

Notes payable consists of notes from banks and other California state agencies. Interest on these notes is accrued at year-end.

#### **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the YCH California Public Employees' Retirement System ("CalPERS") plans ("Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Unearned revenue**

Unearned revenue includes rents received in advance from tenants, and grant funds received from other governmental agencies, which are conditioned upon incurring certain qualifying costs or meeting other conditions. The rents from tenants will be recognized as revenue when earned and the grant funds will be recognized as revenue when the qualifying costs are incurred and the possibility of not meeting the conditions are remote.

#### **Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, Deferred Outflows of

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

#### Net Position

In the Statement of Net Position, Net Position is classified in the following categories:

- *Net Investment in Capital Assets* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- *Restricted* - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- *Unrestricted* - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

#### Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Income taxes

YCH is exempt from federal and state income taxes. YCH is also exempt from property taxes but normally and historically made payments in lieu of taxes on owned public housing properties.

#### Note 3 - Cash and cash equivalents

Cash and cash equivalents at June 30, 2016 consist of the following:

Deposits	\$ 2,785,166
Petty cash	<u>195</u>
Total cash and cash equivalents	2,785,361
Restricted cash and cash equivalents	<u>1,610,515</u>
Total	<u><u>\$ 4,395,876</u></u>

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

#### **Deposits**

The carrying amounts of YCH's cash deposits were \$2,785,166 at June 30, 2016. Bank balances at June 30, 2016, were approximately \$3,220,816. The bank balances were fully insured and/or collateralized with securities held by the pledging financial institutions in YCH's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure YCH's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in YCH's name.

The fair value of pledged securities must equal at least 110% of YCH's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of YCH's total cash deposits. YCH may waive collateral requirements for cash deposits that are fully insured by the Federal Deposit Insurance Corporation. YCH, however, has not waived the collateralization requirements.

#### **Investment policy**

In accordance with State statutes, HUD regulations and its own investment policy, YCH may invest its funds in U.S. Treasury, U.S. Government agencies, local government pooled investment funds, and other investments as outlined in YCH's investment policy.

#### **Investment risk factors**

There are many factors that can affect the value of investments. Some, such as credit risk, custodial risk, concentration of credit risk and market risk, may affect both equity and fixed income securities. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates. It is the investment policy of YCH to invest substantially all of its funds in fixed income securities which limits YCH's exposure to most types of risk.

#### **Credit risk**

Credit risk is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

#### **Custodial risk**

Custodial risk is the risk that, in the event of the failure of the custodian, the investments may not be returned.

#### **Concentration of credit risk**

Generally, credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing YCH to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

Investments issued or guaranteed by the U.S. Government and investments in external investment pools are not considered subject to concentration of credit risk.

#### Market risk

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

- *Interest Rate Risk* is the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. As of June 30, 2016, YCH has no exposure to interest rate risk.
- *Liquidity Risk* is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.
- *Reinvestment Risk* is the risk that the proceeds from a fixed-income security cannot be reinvested at the same rate of return currently generated by that holding. This risk is common with securities that are callable.

YCH maintains its portfolio in readily available demand deposits. These ensure liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions.

#### Note 4 - Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of funds held in escrow, tenant deposits, replacement reserves required by the lender and other funds being held by YCH on behalf of its clients. The balances are as follows:

HUD funds restricted in use for HAP payments	\$	209,146
Replacement reserves		
Davis Migrant Center		569,026
Madison Migrant Center		89,274
NHCDC		162,168
Rural Rental USDA Davis		44,585
Tenant security deposits		254,165
Bridge 2 housing escrow		22,961
Family Self Sufficiency Program participants'		
escrow funds		59,076
Migrant Centers (CARE reserves)		200,114
		<hr/>
Total restricted cash	\$	<u>1,610,515</u>

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

The amounts held in the replacement reserve accounts of the USDA Rural Economic and Community Development ("USDA") and HCD for the RHCP and Migrant Programs cannot be disbursed without the approval of the USDA or the HCD. These amounts are offset by restricted net position.

The amounts held for the operations of the Migrant programs can be disbursed only on expenditures that have been pre-approved by the HCD, Office of Migrant Services ("OMS"). These amounts are offset by restricted net position; however, they are not fully funded due to outstanding receivables from the State of California.

The amounts held by YCH on behalf of Family Self Sufficiency Program participants and tenants are reported as payable from restricted assets. These liabilities have been fully funded as of June 30, 2016.

#### Note 5 - Accounts receivable - funding source

At June 30, 2016, due from funding sources consist of the following:

Source	Program	Amount
County	COCC	\$ 22,528
City	SHRA	12,785
State	NCHDC - HCD Subsidy	621
State	OMS-Davis	86,630
State	OMS-Madison	84,961
State	OMS-Dixon	177,526
City	Pacifico	61,149
Total		<u>\$ 446,200</u>

All amounts are expected to result in payment in the next fiscal year.

**Yolo County Housing**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 6 - Capital assets**

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance, June 30, 2015	Additions	Transfers / Retirements	Balance, June 30, 2016
Capital assets, not being depreciated				
Land	\$ 3,921,298	\$ 3,250,000	\$ -	\$ 7,171,298
Construction in progress	203,973	119,575	4	323,552
Total capital assets, not being depreciated	4,125,271	3,369,575	4	7,494,850
Capital assets, being depreciated				
Building improvements	34,173,887	10,100		34,183,987
Equipment	885,330	-	(125,881)	759,449
Total capital assets, being depreciated	35,059,217	10,100	(125,881)	34,943,436
Less accumulated depreciation	(23,338,085)	(816,785)	125,877	(24,028,993)
Total capital assets being depreciated, net	11,721,132	(806,685)	(4)	10,914,443
Total capital assets, net	\$ 15,846,403	\$ 2,562,890	\$ -	\$ 18,409,293

**Note 7 - Note receivable and due from component unit**

YCH extended a note to Crosswood, secured by the property in the amount of \$775,000. The loan is payable in annual installments of principal and interest on May 1 starting the year following completion of the rehabilitation or May 1, 2016, whichever comes first, and is payable from residual receipts. The loan bears interest at 3.16% per annum and matures on August 28, 2069. Accrued interest of \$44,898 is due from Crosswood at year-end.

As of June 30, 2016, Crosswood owes NHCDC developer fees payable of \$674,838, which are included in due from component unit on the statement of net position.

As of June 30, 2016, Crosswood owes NHCDC partnership management fees payable of \$23,811, which is included in due from component unit on the statement of net position.



## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Note 8 - Accounts payable - funding source

At June 30, 2016, accounts payable - funding source consist of the following:

State of California - Migrant rent collection	
Davis Center	\$ 39,173
Madison Center	70,719
Dixon Center	<u>207,339</u>
 Total	 <u>\$ 317,231</u>

HCD provides YCH with grants to operate each of the three migrant centers. In general, all rents and other charges collected from the tenants of these centers are payable to HCD. The above represents collections retained, but not yet forwarded to HCD as of June 30, 2016 for each center.

#### Note 9 - Interfund balances

YCH utilizes a few cash accounts to make payments to vendors and for payroll. Costs are accrued to appropriate funds, which necessitates the use of interfund accounts. Costs are reimbursed on a periodic basis. The interfund receivable/payable balance of \$396,588 was eliminated in the Statement of Net Position.

The interfund receivable balances are as follows:

Central office cost center	\$ 409,572
NHCDC - Cottonwood RHCP	<u>(12,984)</u>
 Total interfund balances	 <u>\$ 396,588</u>

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

The interfund payables are as follows:

Housing Choice Vouchers		\$	80,863
Rental Rural Davis Housing (USDA)			526
State and local			
ADMH	\$	24,384	
Migrant Housing (HCD) - all programs		153,617	
Esparto (Joe Serna Grant)		93,710	
Pacifico		<u>43,488</u>	
Total state and local programs			<u>315,199</u>
Total interfund balances		\$	<u><u>396,588</u></u>

These interfund payables/receivables have been recorded as current assets and liabilities at the program level and have been eliminated in YCH's Statement of Net Position. A number of YCH's programs have significant liabilities, but few liquid assets. This may make repayment of these interfund liabilities on a timely basis problematic.

Yolo County Housing

Notes to Financial Statements  
June 30, 2016

**Note 10 - Long-term debt**

The following is a schedule of the changes in long-term debt as of June 30, 2016:

Type of obligations	Interest rates	Maturity date	Balance, 6/30/2015	Additions	Payments	Balance, 6/30/2016	Short-term Portion	Long-term Portion
Office Mortgage 1	2.35%	2030	\$ 810,390	\$ -	\$ (148,841)	\$ 661,549	\$ 69,513	\$ 592,036
Esparto CDBG	3.00%	2019	11,532	-	(2,956)	8,576	3,039	5,537
NHDCDC								
Cottonwood RHCP	0.00%	2017	368,800	-	-	368,800	368,800	-
Cottonwood	3.13%	2030	1,591,608	-	(35,534)	1,556,074	34,750	1,521,324
Total			\$ 2,782,330	\$ -	\$ (187,331)	\$ 2,594,999	\$ 476,102	\$ 2,118,897

Following is a schedule of debt payment requirements to maturity for the mortgages and loans noted above subsequent to June 30, 2016:

	Office Mortgages		Government Loans		NHDCDC Mortgages		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 69,513	\$ 18,744	\$ 3,039	\$ 201	\$ 403,550	\$ 48,945	\$ 476,102	\$ 67,890
2018	71,188	17,021	3,132	108	35,868	47,827	110,188	64,956
2019	72,952	15,258	2,405	18	37,023	46,672	112,380	61,948
2020	74,587	11,499	-	-	38,091	45,604	112,678	57,103
2021	76,359	9,727	-	-	39,442	44,253	115,801	53,980
2022-2026	296,950	20,695	-	-	216,982	201,494	513,932	222,189
2027-2031	-	-	-	-	1,153,918	149,701	1,153,918	149,701
Total	\$ 661,549	\$ 92,944	\$ 8,576	\$ 327	\$ 1,924,874	\$ 584,496	\$ 2,594,999	\$ 677,767

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

As of June 30, 2016, YCH has the following outstanding debt secured by the underlying real estate properties:

- Office Mortgage 1 - \$2,240,000 borrowed at an initial rate of 2.35% per annum from the First Northern Bank. This note is collateralized by YCH's main office building at 147 Main Street, Woodland, California. The loan matures on December 15, 2030 and is being paid in monthly installments of \$13,991.
- On May 25, 2004, the County of Yolo, Planning and Public Works Department loaned YCH \$38,250. The loan was made from the County's Community Development Block Grant ("CDBG") to aid in the funding of the development located in Esparto, California. The loan earns interest at a rate of 3% per annum and requires quarterly payments of \$816. The outstanding balance was paid off subsequent to the end of the year.
- YCH administers three Migrant Housing Centers on behalf of HCD. These Migrant Centers typically sit on land owned by the County and the majority of the buildings are owned by the State. On an annual basis, YCH receives operating and rehabilitation grants to operate and maintain these centers. Two of the centers have been extensively remodeled using grants and loans from USDA. These loans are obligations of the State. However, the annual operating grant contains a value for the servicing of this debt. This amount is requisitioned from HCD, paid to USDA and included in interest expense in YCH's books of accounts. Neither the capital assets nor the long-term debt is reported in YCH's financial statements.
- On October 23, 2001, NHCDC purchased property known as the Cottonwood Meadows Apartments (47 units). These apartments were originally built with funding from HCD under RHCP. To acquire this property, NHCDC was required to assume the RHCP regulatory agreement and a \$368,800 note with HCD. Among other things, the regulatory agreement restricts the occupancy of 14 of the apartments to tenants with certain specified income levels and requires the establishment and maintenance of replacement and operating reserves, including annual deposits into each. The HCD note is due in January 2017. NHCDC submitted an application to HCD to restructure the loan and extend the maturity date under the Loan Portfolio Restructuring Program permitted by the Multifamily Housing Program Regulations of the State of California.
- On December 22, 2005, NHCDC refinanced the property known as Cottonwood Meadows Apartments. NHCDC borrowed \$1,900,000 from First Northern Bank. This loan is amortized over 25 years, requires monthly payments of \$11,868 and earns interest at a rate of 3.13% per annum. On January 15, 2011, this loan was renegotiated to decrease the monthly payment to \$6,974.59. The interest rate and maturity date of December 31, 2030 remain the same. The terms of the loan, as they are now, requires a balloon payment of \$935,986 at maturity.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

- On May 17, 2012, NHCDC obtained a new loan on the property known as Cottonwood Meadows Apartments. NHCDC borrowed \$254,325 from YCH. This loan is amortized over 25 years, requires no monthly payments and earns interest at a rate of 0% per annum. The note was paid in full during fiscal year 2016.
- During the fiscal year ended June 30, 1999, HUD directed YCH to remove all HUD-guaranteed debt from its books. This debt included \$6,847,600 of HUD permanent notes and \$6,590,186 of interest accrued on these notes, \$103,720 of outstanding Federal Financing Bank notes, and \$205,000 of outstanding New Housing Bonds. These HUD-guaranteed notes and bonds have not been forgiven by HUD. The Public Housing Program's Annual Contributions Contract ("ACC") states that all debt service requirements related to these notes will be HUD's responsibility. Therefore, it is management's opinion that YCH is not liable for this debt unless the federal government fails to honor the ACC. Accordingly, these amounts have been removed from YCH's books.

A detailed schedule of interest activity for the loans is as follows:

	Interest expensed	Interest paid	Current payable
Office Mortgage 1	\$ 18,264	\$ 18,264	\$ -
Esparto CDBG	307	307	-
NHCDC - Cottonwood	48,161	48,955	2,076
Migrant - Davis Housing	59,779	59,779	-
Migrant - Madison Housing	88,136	88,136	-
	<u>\$ 214,647</u>	<u>\$ 215,441</u>	<u>\$ 2,076</u>

#### Note 11 - Other liabilities

On October 2, 2003, YCH received a Joe Serna Jr. Farmworker Housing Grant from the State of California. The grant, totaling \$600,000, was issued by the State to assist in the acquisition and development of real property located in Esparto, California. Between March 2004 and October 2005, YCH requisitioned and received \$331,269 of this grant. The property was purchased and the building permits pulled. No further activity has occurred. YCH has reported this grant as a long-term liability. This presentation is the most conservative, until the project is complete and the State is satisfied with the manner in which their funds were spent. No interest has been paid or accrued in relation to this grant.

YCH is actively looking for a developer partner to complete the construction of the buildings and sell the homes within the requirements of the grant. YCH expects to complete the

**Yolo County Housing**  
**Notes to Financial Statements**  
**June 30, 2016**

project and satisfy the requirements under the terms of the grant within the next 18 to 24 months, at which time the grant will be recognized as revenue.

**Note 12 - PILOT taxes**

In connection with the Public Housing Program, YCH is obligated to make annual payments in lieu of property taxes ("PILOT") to the County of Yolo based on the lesser of the assessable value of owned housing, times the current tax rate; or 10% of the dwelling rents collected, net of utilities expense. In an agreement dated April 2, 2009, the County of Yolo and YCH agreed to use only the 10% of shelter rent calculation for PILOT for fiscal years ending 2003, and 2005-2012. This agreement also forgave the payment of PILOT for the fiscal years ended 2003 and 2005 and set up a repayment agreement for the PILOT owed for the fiscal years ended 2006-2008. During the year ended June 30, 2016, \$116,328 was incurred and \$116,328 remains payable as of June 30, 2016 and is included in other current liabilities in the statement of net position.

**Note 13 - Unearned revenue**

During the year ended June 30, 2011, YCH received a grant from USDA department of Rural Development through the California Housing and Community development Office of Migrant Services for improvements of the Water Well system at the OMS Davis project. The grant has been recorded as unearned revenue and is being recognized into revenue as the related cost is incurred. As of June 30, 2016, unused grant funds of \$216,879 are included in unearned revenue and classified as current liability.

The remaining unearned revenue on the statement of net position represents development fees from affordable housing partnerships in the amount of \$116,964 of which \$3,313 is classified as current liability.

**Note 14 - Net position**

**Net investment in capital assets**

Net Investment in capital assets as of June 30, 2016 consists of the following:

Capital assets, net of depreciation	\$ 18,409,293
Long-term debt	(2,118,897)
Current portion of long-term debt	(476,102)
Accrued interest on long-term debt	<u>(2,076)</u>
Net	<u><u>\$ 15,812,218</u></u>

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Restricted net position

Net position is reported as restricted when constraints placed on the net position use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. YCH has reported the following as restricted net position:

Excess HAP funding - Housing Choice Voucher	\$	182,059
Madison Migrant Center replacement reserve		89,274
Davis Migrant Center replacement reserve		569,026
Dixon Migrant Center replacement reserve		161,871
Cottonwood RHCP replacement reserve		162,168
USDA Davis replacement reserve		<u>44,585</u>
Total	\$	<u><u>1,208,983</u></u>

The excess HAP restricted reserves represent funds received from HUD in excess of the amounts expended by YCH for HAP. Based on HUD directive, these funds may only be used for future HAP payments and any excess received must be restricted in its use. In May 2009, HUD advised all housing authorities that a portion of the excess HAP reserve may be recaptured through reduced funding. YCH had no excess HAP funding recaptured during fiscal year 2016. The current excess HAP funding activity as of June 30, 2016 is as follows:

Balance, June 30, 2015		\$	54,213
HUD funding for HAP	\$	11,966,032	
HAP expense	<u>(11,841,058)</u>		
Excess HAP expense			124,974
Interest and fraud recovery revenue			<u>2,872</u>
Balance, June 30, 2016		\$	<u><u>182,059</u></u>

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Net position

A detailed schedule of all YCH's programs' net position as of June 30, 2016 is as follows:

	Net investment in capital assets	Restricted net position	Unrestricted net position	Total net position
Public Housing	\$ 10,009,902	\$ -	\$ 335,572	\$ 10,345,474
Housing Choice Vouchers	9,796	182,059	26,498	218,353
Ross Grant	-	-	(2,267)	(2,267)
USDA - Davis Solar	113,055	44,585	47,227	204,867
Central Office Cost Center	5,447,635	-	403,090	5,850,725
Migrant - Madison Housing Center	-	89,274	(81,863)	7,411
Migrant - Davis Housing Center	-	569,026	(16,955)	552,071
Migrant - Dixon Housing Center	-	161,871	(195,317)	(33,446)
Esparto Development	311,343	-	(424,979)	(113,636)
ADMH	623,227	-	(38,459)	584,768
NHCDC - RHCP - Cottonwood	(702,740)	162,168	1,045,787	505,215
Pacifico	-	-	(21,942)	(21,942)
Total	<u>\$ 15,812,218</u>	<u>\$ 1,208,983</u>	<u>\$ 1,076,392</u>	<u>\$ 18,097,593</u>

#### Note 15 - Pension plan

##### Plan description

YCH contributes to CalPERS, a cost-sharing multiple employer defined benefit pension plan (the "Plan"). The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. A menu of benefit provisions and other requirements are established by State statutes within the Public Employees' Retirement Law. YCH selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Board Approval. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" ("PEPRA") on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute.



## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Benefits provided

The benefits for the Plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, military service credits, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

The PEPR created two benefit levels for YCH's employees who qualify for membership in CalPERS. They are outlined below:

	Current Members*	New Members**
Retirement Formula	2% @ 55	2% @ 62
Retirement Contribution	7%	50% of Annual Normal Cost***
Final Compensation Method	Highest 1 Year Average	Highest 3 Year Average

\*Current Member is defined as anyone who is or has been a member of CalPERS or another recognized public retirement system and who has not had more than a six-month break in service.

\*\*New Member is defined as anyone who is or has been a member of CalPERS or another recognized public retirement system and who has not had more than a six-month break in service and was hired by the Authority after January 1, 2013.

\*\*\*Annual Normal cost for New Members is determined annually by CalPERS and is dependent on the benefit levels, actuarial assumptions, and demographics of each plan. The Authority's New Member contribution for 2015 is 6.5%.

#### Funding policy

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plans' allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2016, the active employee contribution rate is 6.250% of annual pay and the average employer's contribution rate is 12.487% of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Net pension liability

As of June 30, 2016, YCH reported net pension liability for its proportionate share of the net pension liability of \$2,481,845.

The YCH net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. GASB 68 requires cost sharing employers to establish an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relations through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan accounts as of the valuation date are used where not available. YCH's proportionate share of the net pension liability for the Plan as of June 30, 2015 for classic members was 0.089703% and PEPRAs members were 0.00025%.

#### Pension expense and deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2016, YCH recognized pension expense (revenue) of \$(191,778). At June 30, 2016, YCH reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$ 12,980	\$ -
Changes in assumptions	-	(122,807)
Net differences between projected and actual earnings on plan investments	314,781	(376,395)
Contributions made subsequent to measurement date	159,666	-
Total	<u>\$ 487,427</u>	<u>\$ (499,202)</u>

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

The \$159,666 reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Amounts
2017	\$ (110,631)
2018	(110,631)
2019	(107,157)
2020	156,978
	\$ (171,441)

#### Actuarial assumptions

For the measurement period ended June 30, 2015 (measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liability was based on the following actuarial method and assumptions:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies <sup>(1)</sup>
Payroll Growth	3.00%
Investment Rate of Return	7.5% <sup>(2)</sup>
Mortality <sup>(3)</sup>	CalPERS' Membership Data
Post Retirement Benefit Increase	Up to 2.75% <sup>(4)</sup>

<sup>(1)</sup> Depending on entry age and service

<sup>(2)</sup> Net of pension plan investment and administrative expenses, including inflation

<sup>(3)</sup> The mortality table used was developed based on CalPERS specific data. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

<sup>(4)</sup> Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

#### **Discount rate**

The discount rate used to measure the total pension liability was changed from 7.50% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. An investment return excluding administrative expenses is 7.65%.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using the 7.65% discount rate for GASB 67 and 68 calculations through at least the 2017 - 18 fiscal years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

Asset class	New strategic allocation	Real return years 1 - 10 (a)	Real return years 11+ (b)
Global equity	47%	5.25%	5.71%
Global fixed income	19%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	12%	6.83%	6.95%
Real estate	11%	4.50%	5.13%
Infrastructure and forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	<u>100%</u>		

(a) An expected inflation of 2.5% is used for this period

(b) An expected inflation of 3.0% is used for this period

#### **Sensitivity of YCH's proportionate share of net pension liability to changes in the discount rate**

The following presents YCH's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.65%, as well as what YCH's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.65%) or 1-percentage point higher (8.65%) than the current rate:

	Discount rate - 1% (6.65%)	Current discount rate (7.65%)	Discount rate + 1% (8.65%)
Net Pension Liability	\$ 4,162,227	\$ 2,481,845	\$ 1,094,494

#### **Pension plan fiduciary net position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

#### **Payable to the pension plan**

At June 30, 2016, YCH reported a payable of \$10,228 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

#### **Note 16 - Other Post-Employment Benefit Program ("OPEB")**

##### **Plan Description**

The OPEB provided by YCH is medical plan coverage. YCH offers its retired employees/commissioners health insurance through CalPERS. To be eligible for this benefit, the former employee/commissioner must be fifty years of age, have five years of credited service, and retire from YCH. The employee cannot terminate employment before meeting the age condition and be entitled to receive benefits. The plan provides the same benefit to its retired employees as it does for its active employees. The plan provides for 100% of the medical premium for retired employees and spouses and 40% of the medical premium for retired commissioners and their spouses.

##### **Eligibility**

As of June 30, 2016, 12 employees were eligible to receive these benefits. YCH had another 35 employees who are eligible for the program, but are not receiving benefits due to the fact that they are not retired from YCH as of June 30, 2016.

##### **Funding policy**

YCH is required to contribute the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC for the year ending June 30, 2016 was \$319,246 and is based on the July 1, 2015 actuarial valuation report which was performed by Bickmore Risk Services & Consulting.

YCH has adopted an entry age normal cost, pay-as-you-go, approach to the funding of its OPEB liability. YCH makes 100% of the retired employees/commissioner medical premium payments to the healthcare benefit provider. YCH is reimbursed 60% of the premiums for the retired commissioner. During the year ended June 30, 2016, YCH made payments totaling \$533,993 to reduce its OPEB liability. The difference between the actuarially determined OPEB annual required contribution and the actual amounts paid to the healthcare benefit provider on behalf of retirees for the current fiscal year has been allocated to all programs, based on the current retirees' allocation, and as of June 30, 2016 YCH has a long-term OPEB liability of \$127,326.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Annual OPEB cost and net OPEB obligation

The following table shows the components of YCH's annual OPEB cost for the year, the amount contributed to the plan, and the changes in YCH's net OPEB obligation:

Annual required contribution ("ARC")	
Normal costs	\$ 174,078
Amortization of unfunded AAL	124,283
Interest as of June 30, 2015	<u>20,885</u>
Total ARC (annual OPEB costs)	319,246
Adjustments due to change in funding policy	(16,816)
Contributions made	<u>533,993</u>
Change in OPEB obligation	(231,563)
Net OPEB obligation, beginning of year	<u>358,889</u>
Net OPEB obligation, end of year	<u><u>\$ 127,326</u></u>
Covered payroll	<u><u>\$ 2,039,281</u></u>

#### Funded status and funding progress

The funded status of the plan as of July 1, 2015 was as follows:

Actuarial accrued liability ("AAL")	\$ 3,427,946
Actuarial value of plan assets	<u>1,487,481</u>
Unfunded actuarial accrued liability ("UAAL")	<u><u>\$ 1,940,465</u></u>
Funded ratio (actuarial value of plan assets/AAL)	43.4%
Covered payroll (active plan members)	\$ 2,039,281
UAAL as a percentage of covered payroll	95.2%

YCH's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 for the three year trend were as follows:

Year ended	Annual OPEB cost	OPEB cost contributed	Net OPEB liability/(asset)
6/30/2014	\$ 261,619	334%	\$ 212,664
6/30/2015	228,199	39%	358,889
6/30/2016	319,246	167%	127,326

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **Actuarial methods and assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age normal cost, level percent of pay method was used. The market value of assets method was used to value the plan assets. The actuarial assumptions included a 7.0% investment rate of return per year, a 7.0% discount rate per year, a 3.25% salary increase per year, a 3.0% assumed wage inflation per year, and a general inflation rate of 2.75% per year. The assumptions about mortality, termination and retirement are based on the most recent CalPERS experience study covering YCH employees.

The Entry Age Normal ("EAN") cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level percentage of payroll spread over the participants' working lifetime. The AAL is the cumulative value on the valuation date of prior service costs. For retirees, the AAL is the present value of all projected benefits.

The ARC under this method equals the normal cost plus the amortization of the unfunded AAL over a closed thirty (30) year period with twenty-two (22) years remaining. The Plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover, and the like, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true Plan costs.



## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

#### **Note 17 - Deferred compensation plan**

YCH offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, *State and Local Government Deferred Compensation Plans*. The plan is administered by the ICMA Retirement Corporation. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries.

As of June 30, 2016, the funds are being held by the ICMA Retirement Corporation on behalf of YCH's employees. These funds are not recorded as assets of YCH since they are held in trust for the exclusive benefit of participants and their beneficiaries and are not subject to claims of YCH's general creditors.

#### **Note 18 - Risk management**

##### **Worker's compensation**

YCH is a member of the California Housing Worker's Compensation Authority ("CHWCA"), which provides worker's compensation insurance. CHWCA provides employer liability coverage to its members, in the amount of \$500,000 each accident. CHWCA has purchased excess insurance coverage from \$1,000,000 to statutory, for all of its members.

CHWCA is a joint powers authority consisting of 31 public housing authorities, housing commissions, and agencies organized under a joint powers agreement to fund a self-insurance program for worker's compensation. Each member has equal representation on the Board of Directors. The Board elects a seven-member Executive Committee for a two-year term which has the responsibility for overseeing all operations of CHWCA. The Board of Directors has total responsibility for all actions of CHWCA.

Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on the following criteria:

- Each member's incurred losses;
- Each member's share of such losses and other expenses as a proportion of all members' such losses;
- Each member's contribution to reserves, including reserves for incurred but not reported losses; and
- Each member's share of costs to purchase excess insurance and any additional coverage.

## **Yolo County Housing**

### **Notes to Financial Statements June 30, 2016**

If CHWCA is dissolved, the remaining assets, after all premiums and assessments have been paid and final disposition of all claims has been determined, will be distributed to members proportionate to each member's cash contributions made during the life of CHWCA. Until dissolution, however, no member has identifiable equity.

#### **Property and liability insurance**

YCH procured insurance beginning June 1, 2009 through the Housing Authority Insurance Group with the Housing Authority Risk Retention Group and Travelers. The limits for property and liability insurance are \$5 million for both YCH and the Dixon Housing Authority, with deductibles of \$25,000 per occurrence. The limits for automobile insurance are \$5 million for owned autos, \$1 million for non-owned hired autos, and \$1 million for uninsured motorist. The limit for employee benefit administration liability is \$1 million, with a deductible of \$1,000.

#### **Note 19 - Economic dependency**

YCH receives the majority of its funding from HUD. HUD is subject to the federal budget allocation process each year. For the fiscal year ended June 30, 2016, YCH's budget included \$11,536,060 of estimated HUD funding. A reduction in funding from HUD could significantly change the services provided by YCH.

#### **Note 20 - Commitments and contingencies**

YCH has received funds from various federal, state and local grant programs. It is possible that at some future date it may be determined that YCH was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although YCH does not expect such disallowed amounts, if any, to materially affect the financial statements.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Note 21 - Blended component unit

YCH has one blended component unit, NHCDC. NHCDC is a nonprofit corporation created to develop affordable housing and community development based economic development ventures. NHCDC's primary business activity is the operation of the Cottonwood Meadows Senior Apartments. A summary of the financial statements of NHCDC as of June 30, 2016 which are included in the YCH financial statements is presented below:

Assets	
Current assets	\$ 689,596
Capital assets, net	1,224,210
Other noncurrent assets	<u>698,211</u>
Total assets	<u>\$ 2,612,017</u>
Liabilities	
Current liabilities	\$ 441,421
Long-term liabilities	<u>1,665,381</u>
Total liabilities	<u>\$ 2,106,802</u>
Net position	
Net investment in capital assets	\$ (702,740)
Restricted	162,168
Unrestricted	<u>1,045,787</u>
Total net position	<u>\$ 505,215</u>
Change in net position	
Revenues	\$ 338,509
Expenses	<u>(310,625)</u>
Change in net position	27,884
Net position beginning of the year	<u>477,331</u>
Net position end of the year	<u>\$ 505,215</u>

#### Note 22 - Discretely presented component unit

YCH has one discretely presented component unit, Crosswood. Crosswood is a limited partnership with the purpose to invest in real estate and to provide low-income housing through the acquisition, construction, rehabilitation, operation, and leasing of a 48-unit apartment complex located in Woodland, California, operating under the name of Crosswood Apartments.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Deferred costs and amortization

Loan fees in the amount of \$240,093 are being amortized over the term of the related loans using the effective yield method. As of June 30, 2016, accumulated amortization is \$13,229.

Tax credit fees of \$32,077 are being amortized using the straight-line method over the tax credit compliance period beginning in 2015. As of June 30, 2016, accumulated amortization is \$2,494.

Estimated annual amortization expense for each of the next five years subsequent to June 30, 2016 is as follows:

	Mortgage Financing Fees	Low-income Housing Tax Credit Costs	Total
2017	\$ 8,612	\$ 2,138	\$ 10,750
2018	8,660	2,138	10,798
2019	8,700	2,138	10,838
2020	8,731	2,138	10,869
2021	8,753	2,138	10,891

#### Capital assets

A summary of changes in capital assets for the year ended June 30, 2016 is as follows:

	Balance, June 30, 2015	Additions	Transfers / Retirements	Balance, June 30, 2016
Capital assets, not being depreciated				
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Buildings	2,822,733	-	-	2,822,733
Building improvements	3,017,870	-	-	3,017,870
Land improvements	324,504	-	-	324,504
Furniture and fixtures	5,647	-	-	5,647
Total assets	6,260,754	-	-	6,260,754
Less accumulated depreciation	(75,402)	(168,778)	-	(244,180)
Total capital assets, net	<u>\$ 6,185,352</u>	<u>\$ (168,778)</u>	<u>\$ -</u>	<u>\$ 6,016,574</u>

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Mortgages and notes payable

Mortgages and notes payable consist of the following at June 30, 2016:

Lender	Interest rate	Maturity	Principal balance as of 6/30/2016	Monthly principal and interest or other repayments terms
CBRE HMF, Inc.	3.39%	09/01/49	\$ 3,284,751	\$ 13,736
PNC Bank	2.96%	02/26/17	1,819,267	(1)
Agency (CalAHA)	4.00%	12/31/51	<u>96,331</u>	(2)
Total			<u>\$ 5,200,349</u>	

(1) Monthly installments of interest only until maturity (the principal is expected to be paid out of the proceeds of the investor limited partner's capital contributions)

(2) Loan interest payable annually from surplus cash.

Future estimated principal payments on the above mortgages and notes payable for each of the next five years and thereafter subsequent to June 30, 2016 are as follows:

	CBRE HMF, Inc.	PNC Bank	CalAHA	Total
2017	\$ 53,380	\$ 1,819,267	\$ -	\$ 1,872,647
2018	57,323	-	-	57,323
2019	59,366	-	-	59,366
2020	60,128	-	-	60,128
2021	62,199	-	-	62,199
Thereafter	<u>2,992,355</u>	<u>-</u>	<u>96,331</u>	<u>3,088,686</u>
Total	<u>\$ 3,284,751</u>	<u>\$ 1,819,267</u>	<u>\$ 96,331</u>	<u>\$ 5,200,349</u>

In addition to the above mortgages, Crosswood owes YCH \$775,000, of which \$225,000 is expected to be paid out of the proceeds from the limited partner's capital contributions and the remaining \$550,000 will be paid out of available cash flow of the partnership.

## Yolo County Housing

### Notes to Financial Statements June 30, 2016

#### Restricted cash and cash equivalents

Restricted cash and cash equivalents consist of the following at June 30, 2016:

Security deposits	\$	13,311
Replacement reserve		126,621
Escrow deposits		<u>15,432</u>
Total	\$	<u>155,364</u>

#### Note 23 - Other matters

YCH is a co-general partner in one tax credit property known as Eleanor Roosevelt Circle. YCH ownership interest is .003% in the partnership and the other general partners are responsible for the partnership and its management. The majority of the project is owned by the limited partner, National Equity Fund, a tax credit syndicator.

NHCDC is a managing general partner in two tax credit partnerships known as Cesar Chavez Plaza and Rochdale Grange. NHCDC's ownership is .003% in each partnership and the other general partners are responsible for the partnership and its management. The majority of the project is owned by the limited partner tax credit investor.

#### Note 24 - Related party transactions

YCH received legal services from the County of Yolo, Office of the County Counsel services at a rate of \$12,500 per quarter. In addition to legal services, YCH also purchases from the County fleet maintenance/fuel and clerk services for Board meetings.

#### Note 25 - Subsequent events

Events that occur after the date of the statement of net position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of YCH through February 9, 2017, the date the financial statements were available to be issued, and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

## **Supplementary Information**

## Yolo County Housing

### Cost-Sharing Defined Benefit Pension Plan Schedule of The Authority's Proportionate Share of the Net Pension Liability

As of June 30, 2016 Last 10 Years\*

	2016	2015
Plan's Proportion of the Net Pension Liability	0.09046%	0.03839%
Plan's Proportionate Share of the Net Pension Liability	\$ 2,481,845	\$ 2,388,659
Plan's Covered-Employee Payroll	\$ 2,039,281	\$ 1,971,841
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	122%	121%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.31677%	81.31677%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 202,527	\$ 190,807

#### Notes to Schedule

**Changes of benefit terms.** In 2016, there were no changes to the benefit terms.

**Changes in assumptions.** In 2016, there were no changes in assumptions.

\* Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only two years are shown.



# Yolo County Housing

## Cost-Sharing Defined Benefit Pension Plan Schedule of Contributions

As of June 30, 2016 Last 10 Years\*

	2016	2015
Contractually required contribution	\$ 202,527	\$ 190,807
Contributions in relation to the contractually required contribution	(202,527)	(190,807)
Contribution deficiency (excess)	\$ -	\$ -
Authority's covered-employee payroll	\$ 2,039,281	\$ 1,971,841
Contributions as a percentage of covered-employee payroll	9.93%	9.68%

### Notes to Schedule:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Inflation	2.75%
Salary Increases	Varies <sup>(1)</sup>
Payroll Growth	3.0% <sup>(2)</sup>
Investment Rate of Return	7.5%
Retirement Age	2010 Experience Study <sup>(3)</sup>
Mortality <sup>(3)</sup>	2010 Experience Study <sup>(4)</sup>

<sup>(1)</sup> Depending on age, service and type of employment.

<sup>(2)</sup> Net of pension plan investment and administrative expenses, including inflation.

<sup>(3)</sup> The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

<sup>(4)</sup> The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the 1st year of implementation of GASB 68, therefore only two years are shown.

## Yolo County Housing

### Schedule of Funding Progress Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets [A]	Actuarial Accrued Liability (AAL) Entry Age [B]	Unfunded AAL (UAAL) [B - A]	Funded Ratio [A / B]	Covered Payroll [C]	UAAL as Percentage of Covered Payroll [(B - A) / C]
7/1/2011	\$ -	\$ 2,425,441	2,425,441	0%	\$1,764,114	137%
7/1/2013	606,093	2,483,837	1,877,744	24%	1,720,276	109%
7/1/2015	1,487,481	3,427,946	1,940,465	43%	2,039,281	95%

Yolo County Housing

Combining Schedule of Net Position  
June 30, 2016

	Business activities	Federal funds	State funds	Eliminations	Primary Government	Component Unit
<u>Assets</u>						
Current assets						
Cash and cash equivalents (Note 3)	\$ 236,565	\$ 1,705,290	\$ 843,506	\$ -	\$ 2,785,361	\$ 25,631
Restricted cash and cash equivalents (Notes 3, 4)	206,020	436,409	968,086	-	1,610,515	155,364
Accounts receivable - tenant, net	2,305	6,468	5,599	-	14,372	4,615
Accounts receivable - other	358,636	8,381	30,750	-	397,767	29,743
Accounts receivable - funding source (Note 5)	23,149	12,785	626,144	(215,878)	446,200	-
Note receivable and due from component unit (Note 7)	68,709	-	-	-	68,709	-
Interprogram due from (Note 9)	396,588	-	-	(396,588)	-	-
Inventories, net	-	47,926	-	-	47,926	-
Prepaid items and other assets	178,908	59,278	15,612	-	253,798	13,036
Total current assets	1,470,880	2,276,537	2,489,697	(612,466)	5,624,648	228,389
Noncurrent assets						
Note receivable and due from component unit (Note 7)	1,449,838	-	-	-	1,449,838	-
Capital assets not being depreciated (Note 6)	3,847,272	3,286,820	360,758	-	7,494,850	90,000
Capital assets being depreciated, net (Note 6)	3,486,122	6,732,878	695,443	-	10,914,443	5,926,574
Other assets, net	56,316	-	-	(38,395)	17,921	256,447
Total noncurrent assets	8,839,548	10,019,698	1,056,201	(38,395)	19,877,052	6,273,021
Total assets	\$ 10,310,428	\$ 12,296,235	\$ 3,545,898	\$ (650,861)	\$ 25,501,700	\$ 6,501,410
Deferred outflows of resources (Note 15)	\$ 164,504	\$ 239,124	\$ 83,799	\$ -	\$ 487,427	\$ -

Yolo County Housing

Combining Schedule of Net Position  
June 30, 2016

	Business activities	Federal funds	State funds	Eliminations	Primary Government	Component Unit
<u>Liabilities</u>						
Current liabilities						
Accounts payable - vendors	\$ 148,006	\$ 3,608	\$ 217,039	\$ -	\$ 368,653	\$ 2,809
Accounts payable - funding source (Note 8)	-	-	533,109	(215,878)	317,231	-
Accrued compensated absences - current portion	30,780	12,712	5,643	-	49,135	-
Accrued interest payable (Note 10)	2,076	-	-	-	2,076	20,818
Accrued liabilities - other	32,323	1,430	-	-	33,753	41,377
Interprogram due to (Note 9)	-	80,863	315,725	(396,588)	-	-
Notes payable - current portion (Note 10)	473,063	-	3,039	-	476,102	1,872,647
Note payable and due to Primary Government (Note 7)	-	-	-	-	-	68,709
Deposits payable	21,331	159,270	50,979	-	231,580	13,820
Unearned revenue (Note 13)	3,313	-	216,879	-	220,192	-
Other current liabilities	29,076	116,328	173,212	-	318,616	11,295
Total current liabilities	739,968	374,211	1,515,625	(612,466)	2,017,338	2,031,475
Non-current liabilities						
Accrued compensated absences - net of current portion	92,341	38,136	16,931	-	147,408	-
Notes payable - net of current portion (Note 10)	2,113,360	-	5,537	-	2,118,897	3,327,702
Note payable and due to Primary Government (Note 7)	-	-	-	-	-	1,449,838
Family self sufficiency escrows	-	54,598	-	-	54,598	-
Unearned revenue - net of current portion (Note 13)	113,651	-	-	-	113,651	-
Other post-employment benefits (Note 16)	43,836	63,163	20,327	-	127,326	-
Net pension liability (Note 15)	844,686	1,203,932	433,227	-	2,481,845	-
Other liabilities (Note 11)	-	-	369,664	(38,395)	331,269	-
Total liabilities	\$ 3,947,842	\$ 1,734,040	\$ 2,361,311	\$ (650,861)	\$ 7,392,332	\$ 6,809,015
Deferred inflows of resources (Note 15)	\$ 171,150	\$ 239,759	\$ 88,293	\$ -	\$ 499,202	\$ -
<u>Net Position</u>						
Net investment in capital assets (Note 14)	\$ 4,744,895	\$ 10,019,698	\$ 1,047,625	\$ -	\$ 15,812,218	\$ 795,407
Restricted (Note 14)	162,168	182,059	864,756	-	1,208,983	-
Unrestricted (Note 14)	1,448,877	359,803	(732,288)	-	1,076,392	(1,103,012)
Total net position	\$ 6,355,940	\$ 10,561,560	\$ 1,180,093	\$ -	\$ 18,097,593	\$ (307,605)

Yolo County Housing

Combining Schedule of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2016

	Business activities	Federal funds	State funds	Eliminations	Primary Government	Component Unit
Operating revenues						
Rental income	\$ 432,868	\$ 1,725,157	\$ 37,682	\$ (96,538)	\$ 2,099,169	\$ 470,673
Fee revenue	2,070,668	-	-	(2,070,668)	-	-
Other revenue	389,516	44,925	156,159	(256,708)	333,892	4,987
Total operating revenues	2,893,052	1,770,082	193,841	(2,423,914)	2,433,061	475,660
Operating expenses						
Administrative expenses	1,125,546	2,578,667	420,721	(2,167,206)	1,957,728	323,651
Tenant services	627.00	101,018	-	-	101,645	34,110
Maintenance	905,164	1,132,200	504,312	(256,708)	2,284,968	61,609
Utilities	63,371	536,555	390,471	-	990,397	45,229
Insurance and taxes	85,278	236,714	151,084	-	473,076	17,754
Housing assistance payments	-	11,841,058	-	-	11,841,058	-
Depreciation	178,613	607,433	30,739	-	816,785	168,778
Amortization	1,232	-	-	-	1,232	8,998
Total operating expenses	2,359,831	17,033,645	1,497,327	(2,423,914)	18,466,889	660,129
Net operating loss	533,221	(15,263,563)	(1,303,486)	-	(16,033,828)	(184,469)

**Yolo County Housing**

**Combining Schedule of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2016**

	Business activities	Federal funds	State funds	Eliminations	Primary Government	Component Unit
Nonoperating revenues (expenses)						
Grant revenue	3,257,447	14,418,191	1,505,871	-	19,181,509	-
Gain on disposition of capital assets	2,460	1,640	-	-	4,100	-
Interest income	15,283	3,693	219	-	19,195	227
Interest expense	(66,425)	-	(148,222)	-	(214,647)	(198,359)
Total nonoperating revenues	3,208,765	14,423,524	1,357,868	-	18,990,157	(198,132)
Change in net position before capital grants and transfers	3,741,986	(840,039)	54,382	-	2,956,329	(382,601)
Capital grants	-	678,101	-	-	678,101	-
Change in net position before transfers	3,741,986	(161,938)	54,382	-	3,634,430	(382,601)
Operating transfers in	209,292	468,809	-	-	678,101	-
Operating transfers out	-	(678,101)	-	-	(678,101)	-
Change in net position	3,951,278	(371,230)	54,382	-	3,634,430	(382,601)
Net position - beginning of year	2,035,397	11,302,055	1,125,711	-	14,463,163	74,996
Equity transfers and reclassifications	369,265	(369,265)	-	-	-	-
Net position - end of year	\$ 6,355,940	\$ 10,561,560	\$ 1,180,093	\$ -	\$ 18,097,593	\$ (307,605)

**Yolo County Housing**

**Combining Schedule of Cash Flows  
Year Ended June 30, 2016**

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Cash flows from operating activities					
Cash received from tenants	\$ 434,527	\$ 1,730,246	\$ 42,102	\$ -	\$ 2,206,875
Other operating cash received	380,375	44,925	156,159	(256,708)	324,751
Cash payments for general and administrative expenses	(2,975,303)	(4,698,425)	(1,242,983)	2,327,376	(6,589,335)
Cash payments for housing assistance expenditures	-	(11,841,058)	-	-	(11,841,058)
Fees received from other programs	2,070,668	-	-	(2,070,668)	-
Net cash provided by (used in) operating activities	(89,733)	(14,764,312)	(1,044,722)	-	(15,898,767)
Cash flows from capital and related financing activities					
Principal paid on notes payable	(184,375)	-	(2,956)	-	(187,331)
Proceeds from sale of property	2,460	1,640	-	-	4,100
Cash received from capital grants	-	678,101	-	-	678,101
Acquisition and construction of capital assets	(33,410)	(86,165)	(10,100)	-	(129,675)
Interest paid	(67,219)	-	(148,222)	-	(215,441)
Net cash provided by (used in) capital and related financing activities	(282,544)	593,576	(161,278)	-	149,754
Cash flows from noncapital financing activities					
Cash received from HUD operating grants	-	1,107,464	-	-	1,107,464
Cash received from Housing Choice Voucher program	-	13,308,449	-	-	13,308,449
Cash (paid to) received from other programs	209,292	(209,292)	-	-	-
Cash received from other grants	7,447	-	1,299,694	-	1,307,141
Net cash (used in) provided by noncapital financing activities	216,739	14,206,621	1,299,694	-	15,723,054

Yolo County Housing

Combining Schedule of Cash Flows  
Year Ended June 30, 2016

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Cash flows from investing activities					
Interest income	1,076	3,693	219	-	4,988
Net cash provided by investing activities	1,076	3,693	219	-	4,988
Net increase (decrease) in cash and cash equivalents	(154,462)	39,578	93,913	-	(20,971)
Cash and cash equivalents					
Beginning of year	597,047	2,102,121	1,717,679	-	4,416,847
End of year	\$ 442,585	\$ 2,141,699	\$ 1,811,592	\$ -	\$ 4,395,876



**Yolo County Housing**

**Combining Schedule of Cash Flows  
Year Ended June 30, 2016**

	Business activities	Federal funds	State funds	Eliminations	Primary Government
Reconciliation of operating loss to net cash provided by (used in) operating activities					
Operating loss	\$ 533,221	\$ (15,263,563)	\$ (1,303,486)	\$ -	\$ (16,033,828)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities					
Depreciation and amortization	179,845	607,433	30,739	-	818,017
Pension expense	(117,608)	(174,343)	(59,493)	-	(351,444)
Changes in operating assets and liabilities					
Decrease (increase) in assets					
Tenant accounts receivable	(1,654)	(2,139)	4,420	-	627
Other receivables	743	7,228	-	-	7,971
Inventories	1,228	2,198	-	-	3,426
Prepaid items and other assets	(10,358)	196,941	95	-	186,678
Increase (decrease) in liabilities					
Accounts payable	(104,165)	(9,635)	17,551	-	(96,249)
Other post-employment benefits	(436,405)	(23,625)	18,120	-	(441,910)
Accrued compensated absences	18,675	(526)	4,125	-	22,274
Deposits payable	245	(26,534)	(4,756)	-	(31,045)
Unearned revenue	(6,571)	-	-	-	(6,571)
Due to/from other programs	(127,033)	(73,653)	200,686	-	-
Other liabilities	(19,896)	(4,094)	47,277	-	23,287
Net cash provided by (used in) operating activities	\$ (89,733)	\$ (14,764,312)	\$ (1,044,722)	\$ -	\$ (15,898,767)

Housing Authority of the County of Yolo (CA044)  
WOODLAND, CA  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2016

	Project Total	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	6.1 Component Unit - Discreetly Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$622,111	\$53,068		\$582,926	\$25,031	\$216,108	\$799,438		\$20,457	\$2,311,739		\$2,311,739
112 Cash - Restricted - Modernization and Development		\$0								\$0		\$0
113 Cash - Other Restricted	\$57,548	\$44,595		\$268,222	\$142,053	\$162,168	\$658,413		\$22,061	\$1,555,950		\$1,555,950
114 Cash - Tenant Security Deposits	\$110,639	\$2,209			\$13,311	\$20,891	\$62,879			\$209,929		\$209,929
115 Cash - Restricted for Payment of Current Liabilities	\$499,253									\$499,253		\$499,253
100 Total Cash	\$1,290,551	\$99,862	\$0	\$851,148	\$180,995	\$399,167	\$1,711,730	\$0	\$43,418	\$4,576,871	\$0	\$4,576,871
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects			\$0							\$0		\$0
124 Accounts Receivable - Other Government				\$12,785		\$621	\$626,144		\$22,528	\$662,078	-\$215,878	\$446,200
125 Accounts Receivable - Miscellaneous	\$8,381				\$29,743	\$253,875	\$30,750		\$104,761	\$427,510		\$427,510
126 Accounts Receivable - Tenants	\$10,766	\$21			\$4,615	\$3,305	\$11,078			\$29,787		\$29,787
126.1 Allowance for Doubtful Accounts - Tenants	-\$4,300	\$0	\$0		\$0	-\$1,000	-\$5,500		\$0	-\$10,800		-\$10,800
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						\$23,811			\$44,998	\$68,709		\$68,709
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$14,849	\$21	\$0	\$12,785	\$34,358	\$280,612	\$662,472	\$0	\$172,187	\$1,177,284	-\$215,878	\$961,406
131 Investments - Unrestricted						\$0				\$0		\$0
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	\$59,278				\$13,036	\$9,817	\$15,612		\$169,091	\$266,834		\$266,834
143 Inventories	\$47,926									\$47,926		\$47,926
143.1 Allowances for Obsolete Inventories	\$0					\$0			\$413,197	\$413,197	-\$413,197	\$0
144 Inter Program Due From												
145 Assets Held for Sale												
150 Total Current Assets	\$1,412,604	\$99,883	\$0	\$863,933	\$228,389	\$689,596	\$2,389,814	\$0	\$797,893	\$6,482,112	-\$629,075	\$5,853,037
161 Land	\$3,185,656	\$40,839			\$90,000	\$239,463	\$177,220		\$3,528,120	\$7,261,298		\$7,261,298
162 Buildings	\$26,916,543	\$379,275			\$6,165,107	\$1,508,372	\$741,895		\$4,637,901	\$40,349,083		\$40,349,083
163 Furniture, Equipment & Machinery - Dwellings	\$144,447					\$71,110				\$221,557		\$221,557
164 Furniture, Equipment & Machinery - Administration	\$180,414			\$95,974	\$5,647				\$291,504	\$543,539		\$543,539
165 Leasehold Improvements												
166 Accumulated Depreciation	-\$20,518,321	-\$307,059		-\$56,178	-\$244,180	-\$601,285	-\$118,668		-\$2,427,482	-\$24,273,173		-\$24,273,173
167 Construction in Progress	\$101,163					\$550	\$142,699	\$49,903	\$29,238	\$323,553		\$323,553
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,009,902	\$113,055	\$0	\$9,795	\$6,016,574	\$1,224,210	\$943,146	\$49,903	\$6,059,281	\$24,425,867	\$0	\$24,425,867
171 Notes, Loans and Mortgages Receivable - Non-Current												
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due						\$0			\$775,000	\$1,449,838		\$1,449,838
173 Grants Receivable - Non Current										\$0		\$0
174 Other Assets						\$17,821			\$38,395	\$312,663	-\$38,395	\$274,268
175 Investments in Joint Ventures						\$100				\$100		\$100
180 Total Non-Current Assets	\$10,009,902	\$113,055	\$0	\$9,796	\$6,273,021	\$1,916,969	\$943,146	\$49,903	\$6,872,676	\$26,186,468	-\$38,395	\$26,150,073

	Project Total	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	6.1 Component Unit - Discreetly Presented	6.2 Component Unit - Blended	2 Stated, local	1 Business Activities	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	\$146,459	\$912		\$92,665		\$5,452	\$62,867		\$159,052	\$487,427		\$487,427
290 Total Assets and Deferred Outflow of Resources	\$11,566,965	\$213,650	\$0	\$966,394	\$6,501,410	\$2,612,017	\$3,415,847	\$49,903	\$7,629,621	\$33,158,007	-\$667,470	\$32,490,537
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$327			\$798	\$2,809	\$315	\$217,039		\$147,691	\$368,979		\$368,979
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable												
322 Accrued Compensated Absences - Current Portion	\$3,149	\$1	\$233	\$9,330		\$185	\$5,642		\$30,595	\$49,135		\$49,135
324 Accrued Contingency Liability												
325 Accrued Interest Payable					\$20,818	\$2,076				\$22,894		\$22,894
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects	\$116,328						\$533,109		\$16,661	\$666,098	-\$215,678	\$450,220
333 Accounts Payable - Other Government	\$159,270	\$2,361			\$13,620	\$16,811	\$46,618		\$2,520	\$245,400		\$245,400
341 Tenant Security Deposits					\$0	\$0	\$216,879		\$3,313	\$220,192		\$220,192
342 Unearned Revenue					\$1,872,647	\$34,750	\$3,039		\$69,513	\$1,979,949		\$1,979,949
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$368,800					\$368,800		\$368,800
344 Current Portion of Long-term Debt - Operating Borrowings	\$960				\$11,295		\$173,212		\$12,475	\$197,942		\$197,942
345 Other Current Liabilities	\$150	\$526		\$2,903	\$41,377	\$3,500	\$315,199	\$3,625	\$0	\$413,197	-\$413,197	\$0
346 Accrued Liabilities - Other				\$90,863	\$68,709	\$12,864			\$28,763	\$76,593		\$76,593
347 Inter Program - Due To										\$68,709		\$68,709
348 Loan Liability - Current												
310 Total Current Liabilities	\$280,184	\$2,888	\$233	\$93,794	\$2,031,475	\$441,421	\$1,512,737	\$3,625	\$311,531	\$4,677,888	-\$629,075	\$4,048,813
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$3,327,702	\$1,521,324	\$5,537		\$592,036	\$5,446,599		\$5,446,599
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other				\$54,598		\$113,651	\$369,664			\$537,913	-\$38,395	\$499,518
354 Accrued Compensated Absences - Non Current	\$9,446	\$4	\$700	\$27,990		\$555	\$16,927		\$91,786	\$147,408		\$147,408
355 Loan Liability - Non Current					\$1,448,638					\$1,449,838		\$1,449,838
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities	\$783,897	\$5,079	\$1,334	\$481,864		\$25,668	\$448,475		\$862,854	\$2,609,171		\$2,609,171
350 Total Non-Current Liabilities	\$793,343	\$5,083	\$2,034	\$564,452	\$4,777,540	\$1,681,198	\$846,603	\$0	\$1,546,676	\$10,190,929	-\$38,395	\$10,152,534
300 Total Liabilities	\$1,073,527	\$7,971	\$2,267	\$658,246	\$6,809,015	\$2,102,619	\$2,353,340	\$3,625	\$1,856,207	\$14,868,817	-\$667,470	\$14,201,347
400 Deferred Inflow of Resources	\$149,964	\$1,012		\$89,795		\$4,183	\$87,281		\$166,967	\$499,202		\$499,202
508.4 Net Investment in Capital Assets	\$10,009,902	\$113,655		\$9,796	\$795,407	-\$702,740	\$934,570	\$49,903	\$5,397,732	\$16,807,625		\$16,807,625
511.4 Restricted Net Position		\$44,585		\$182,059		\$162,168	\$820,171			\$1,206,983		\$1,206,983
512.4 Unrestricted Net Position	\$335,572	\$47,227	-\$2,267	\$26,498	-\$1,103,012	\$1,045,787	-\$779,515	-\$3,625	\$406,715	-\$26,620		-\$26,620
513 Total Equity - Net Assets / Position	\$10,345,474	\$294,867	-\$2,267	\$218,353	-\$307,605	\$505,215	\$975,226	\$46,278	\$5,804,447	\$17,789,988	\$0	\$17,789,988
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$11,566,965	\$213,650	\$0	\$966,394	\$6,501,410	\$2,612,017	\$3,415,847	\$49,903	\$7,629,621	\$33,158,007	-\$667,470	\$32,490,537

Housing Authority of the County of Yolo (CA044)  
WOODLAND, CA  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2016

	Project Total	10,427 Rural Rental Assistance Payments	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	6.1 Component Unit - Discreetly Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,697,537	\$37,642			\$470,673	\$300,912			\$131,678	\$2,638,442	-\$96,538	\$2,541,904
70400 Tenant Revenue - Other	\$27,620	\$40			\$278	\$278				\$27,938		\$27,938
70500 Total Tenant Revenue	\$1,725,157	\$37,682	\$0	\$0	\$470,673	\$301,190	\$0	\$0	\$131,678	\$2,666,380	-\$96,538	\$2,569,842
70600 HUD PHA Operating Grants	\$1,035,427		\$74,315	\$13,308,449						\$14,418,191		\$14,418,191
70610 Capital Grants	\$468,809								\$209,202	\$678,101		\$678,101
70710 Management Fee									\$944,975	\$944,975	-\$944,975	\$0
70720 Asset Management Fee									\$79,140	\$79,140	-\$79,140	\$0
70730 Book Keeping Fee									\$179,235	\$179,235	-\$179,235	\$0
70740 Front Line Service Fee									\$867,316	\$867,316	-\$867,316	\$0
70750 Other Fees									\$2	\$2	-\$2	\$0
70700 Total Fee Revenue									\$2,070,668	\$2,070,668	-\$2,070,668	\$0
70800 Other Government Grants	\$10,500								\$3,250,000	\$4,773,818		\$4,773,818
71100 Investment Income - Unrestricted	\$2,267	\$214		\$1,426	\$227	\$7,447	\$1,505,871		\$14,591	\$19,109		\$19,109
71200 Mortgage Interest Income							\$5					
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												
71500 Other Revenue	\$18,128			\$5,971			\$156,159		\$380,336	\$579,116	-\$256,708	\$322,408
71600 Gain or Loss on Sale of Capital Assets	\$820			\$620					\$2,460	\$4,100		\$4,100
72000 Investment Income - Restricted												
70000 Total Revenue	\$3,261,108	\$37,896	\$74,315	\$13,326,992	\$475,887	\$338,509	\$1,662,035	\$0	\$6,039,025	\$25,215,767	-\$2,423,914	\$22,791,853
91100 Administrative Salaries	\$122,132	\$1,379	-\$2,000		\$55,104	\$24,833	\$51,778		\$977,393	\$1,588,756	-\$867,318	\$721,438
91200 Auditing Fees	\$40,345	\$235			\$14,150	\$15,917	\$4,560		\$7,363	\$97,381		\$97,381
91300 Management Fee	\$493,108	\$5,208			\$25,855		\$178,176			\$970,830	-\$944,975	\$25,855
91310 Book-keeping Fee	\$38,355				\$3,762					\$182,897	-\$179,235	\$3,762
91400 Advertising and Marketing	\$3,736		\$558		\$4,878		\$140			\$9,334		\$9,334
91500 Employee Benefit Contributions - Administrative	\$127,621	\$936	-\$1,690		\$8,196	\$422	\$85,705		-\$68,736	\$528,488		\$528,488
91600 Office Expenses	\$210,309	\$1,558	\$2,705		\$16,963	\$19,580	\$54,210		\$241,697	\$690,546		\$690,546
91700 Legal Expense	\$7,309				\$6,689		\$3,228		\$50,000	\$67,226		\$67,226
91800 Travel	\$4,248		\$40		\$5,156		\$3,225		\$8,074	\$27,572		\$27,572
91910 Allocated Overhead												
91900 Other		\$617			\$187,754					\$193,692		\$193,692
91900 Total Operating - Administrative	\$1,047,163	\$9,933	-\$968	\$1,319,008	\$323,651	\$59,832	\$381,022	\$0	\$1,216,581	\$4,356,822	-\$1,991,628	\$2,365,294
92000 Asset Management Fee												
92100 Tenant Services - Salaries	\$51,720						\$8,100			\$79,140	-\$78,140	\$0
92200 Relocation Costs	\$6,891		\$50,574							\$72,877		\$72,877
92300 Employee Benefit Contributions - Tenant Services	\$1,279		\$15,765							\$53,511		\$53,511
92400 Tenant Services - Other	\$3,802			\$5,000						\$8,802		\$8,802
92500 Total Tenant Services	\$11,872	\$0	\$66,339	\$22,769	\$34,110	\$0	\$0	\$0	\$0	\$135,190	\$0	\$135,190

	Project Total	10,027 Rural Rental Assistance Payments	14,871 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	6.1 Component Unit - Discreetly Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
93100 Water	\$163,127	\$5,201			\$8,024	\$9,071	\$88,045		\$2,251	\$276,719		\$276,719
93200 Electricity	\$184,334				\$2,811	\$5,349	\$140,229		\$24,858	\$357,581		\$357,581
93300 Gas	\$5,814				\$5,328	\$1,395	\$39,431		\$1,434	\$53,402		\$53,402
93400 Fuel												
93500 Labor												
93500 Sewer	\$270,763	\$5,328			\$20,218	\$19,339	\$111,237		\$576	\$426,581		\$426,581
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense					\$8,648					\$8,648		\$8,648
93900 Total Utilities	\$624,058	\$11,529	\$0	\$0	\$45,229	\$34,164	\$378,942	\$0	\$20,219	\$1,123,131	\$0	\$1,123,131
94100 Ordinary Maintenance and Operations - Labor					\$4,034		\$216,655		\$342,912	\$585,601		\$585,601
94200 Ordinary Maintenance and Operations - Materials and Other	\$239,822	\$5,605		\$498	\$11,819	\$18,411	\$32,438		\$18,449	\$327,042		\$327,042
94300 Ordinary Maintenance and Operations Contracts	\$886,876	\$6,548		\$1,483	\$45,756	\$38,789	\$100,146		\$82,566	\$1,170,144	-\$256,708	\$913,436
94500 Employee Benefit Contributions - Ordinary Maintenance				\$218			\$43,675		\$126,790	\$170,683		\$170,683
94600 Total Maintenance	\$1,126,698	\$12,153	\$0	\$2,199	\$61,609	\$55,180	\$384,914	\$0	\$580,717	\$2,233,470	-\$256,708	\$1,976,762
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs	\$2,773				\$624		\$4,622		\$10,326	\$18,345		\$18,345
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95900 Total Protective Services	\$2,773	\$0	\$0	\$0	\$0	\$624	\$4,622	\$0	\$10,326	\$18,345	\$0	\$18,345
96110 Property Insurance	\$83,098	\$1,132			\$8,737	\$5,173	\$103,013		\$2,097	\$203,250		\$203,250
96120 Liability Insurance	\$10,998	\$335		\$6,054		\$4,329	\$9,810		\$463	\$31,989		\$31,989
96130 Workmen's Compensation	\$5,881	\$24	\$1,318	\$9,198	\$9,017	\$776	\$16,912		\$46,493	\$89,719		\$89,719
96140 All Other Insurance	\$6,850			\$704			\$2,816		\$5,767	\$16,237		\$16,237
96100 Total Insurance Premiums	\$107,027	\$1,491	\$1,318	\$15,956	\$17,754	\$10,278	\$132,551	\$0	\$54,820	\$341,195	\$0	\$341,195
96200 Other General Expenses	\$49,438	\$1,176		\$25,280		\$10,166	\$15,188		\$51,562	\$152,790	-\$96,538	\$56,252
96210 Compensated Absences	-\$3,080	\$5		\$1,919		-\$342	\$4,119		\$19,018	\$22,274		\$22,274
96300 Payments in Lieu of Taxes	\$116,328					\$20,156				\$136,484		\$136,484
96400 Bad debt - Tenant Rents	-\$3,978					\$22	\$17,043			\$13,067		\$13,067
96500 Bad debt - Mortgages												
96600 Bad debt - Other												
96800 Severance Expense												
96900 Total Other General Expenses	\$158,708	\$1,181		\$27,179	\$0	\$30,002	\$36,350	\$0	\$70,590	\$324,635	-\$96,538	\$228,097
96710 Interest of Mortgage (or Bonds) Payable					\$198,359	\$48,161	\$148,222			\$394,742		\$394,742
96720 Interest on Notes Payable (Short and Long Term)									\$18,264	\$18,264		\$18,264
96730 Amortization of Bond Issue Costs					\$8,968	\$1,232				\$10,200		\$10,200
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$207,357	\$49,393	\$148,222	\$0	\$18,264	\$423,236	\$0	\$423,236
96900 Total Operating Expenses	\$3,130,119	\$36,287	\$67,924	\$1,387,111	\$688,710	\$258,783	\$1,484,723	\$0	\$1,980,507	\$9,035,164	-\$2,423,914	\$6,611,250
97000 Excess of Operating Revenue over Operating Expenses	\$130,989	\$1,609	\$6,391	\$11,939,881	-\$213,823	\$79,726	\$17,312	\$0	\$4,055,518	\$16,180,603	\$0	\$16,180,603
97100 Extraordinary Maintenance						\$8,353	\$93,800			\$102,153		\$102,153
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments				\$11,812,909						\$11,812,909		\$11,812,909
97350 HAP Portability-In				\$28,149						\$28,149		\$28,149
97400 Depreciation Expense	\$595,144	\$12,141		\$11,289	\$168,778	\$43,489	\$19,598		\$135,124	\$985,563		\$985,563

	Project Total	10 427 Rural Rental Assistance Payments	14 870 Resident Opportunity and Supportive Services	14 871 Housing Choice Vouchers	6.1 Component Unit - Democracy Presented	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
99000 Total Expenses	\$3,726,263	\$48,428	\$87,924	\$13,239,458	\$859,488	\$310,625	\$1,597,121	\$0	\$2,115,631	\$21,983,938	-\$2,423,914	\$19,540,024
10010 Operating Transfer In										\$0		\$0
10020 Operating Transfer Out												
10030 Operating Transfers from/to Primary Government	\$0								\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss												
10080 Special Items (Net Gain/Loss)												
10091 Inter Project Excess Cash Transfer In												
10092 Inter Project Excess Cash Transfer Out												
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$465,155	-\$10,532	\$6,301	\$87,534	-\$382,601	\$27,884	\$64,914	\$0	\$3,923,394	\$3,251,829	\$0	\$3,251,829
11020 Required Annual Debt Principal Payments												
11030 Beginning Equity	\$0	\$0	\$0	\$0	\$1,872,647	\$403,550	\$3,039	\$0	\$0	\$2,279,236		\$2,279,236
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$11,025,611	\$215,399	-\$8,657	\$285,001	\$74,995	\$477,430	\$910,311	\$46,278	\$1,511,789	\$14,538,158		\$14,538,158
11050 Changes in Compensated Absence Balance	-\$214,982		-\$1	-\$154,162		-\$99	\$1		\$369,264	\$1		\$1
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity				\$156,513						\$156,513		\$156,513
11180 Housing Assistance Payments Equity												
11190 Unit Months Available	5172	84	0	20026	576	564	2084			\$61,840		\$61,840
11210 Number of Unit Months Leased	5115	84	0	19972	563	561	1991			28506		28506
11270 Excess Cash	\$706,826									28276		28276
11610 Land Purchases	\$0									\$706,826		\$706,826
11620 Building Purchases	\$0									\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0									\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0									\$0		\$0
11650 Leasehold Improvements Purchases	\$0									\$0		\$0
11660 Infrastructure Purchases	\$90,663									\$90,663		\$90,663
13510 CFFP Debt Service Payments	\$0								\$173,552	\$173,552		\$173,552
13801 Replacement Housing Factor Funds	\$0								\$0	\$0		\$0